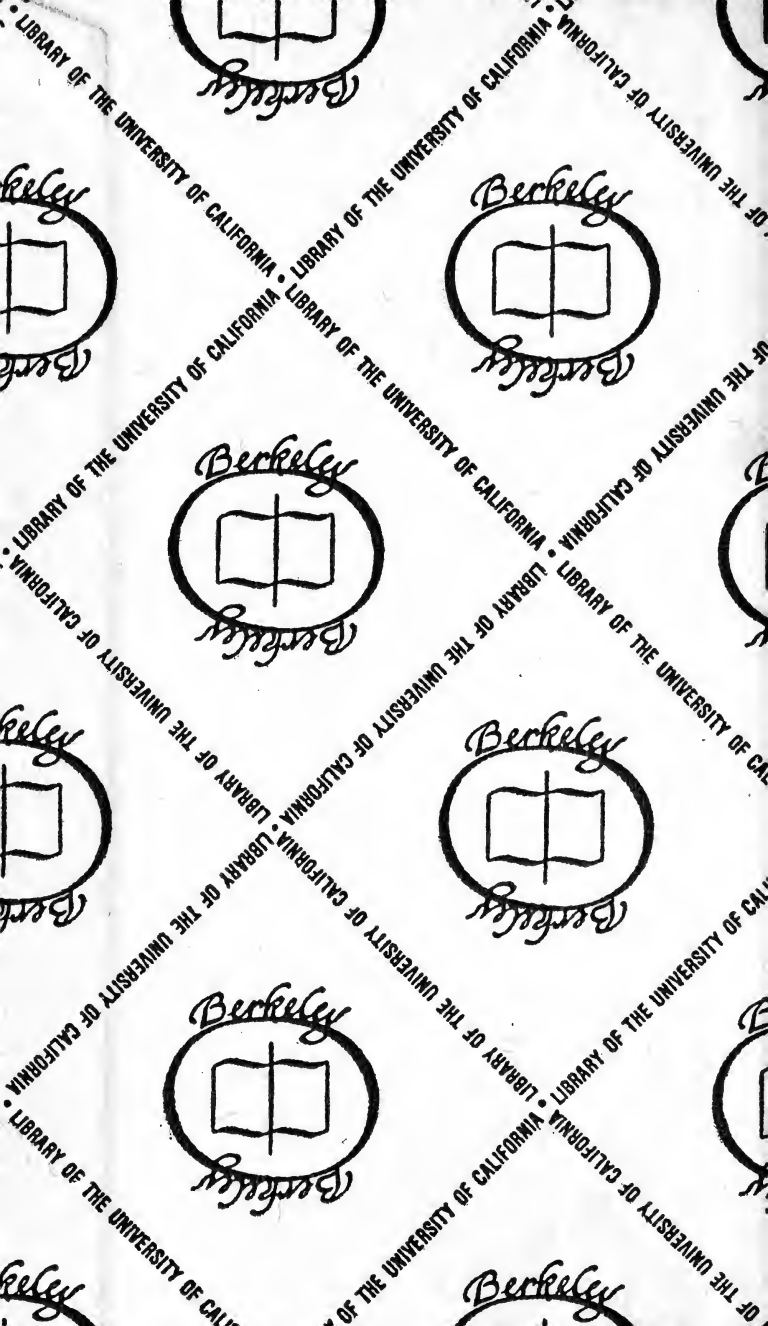
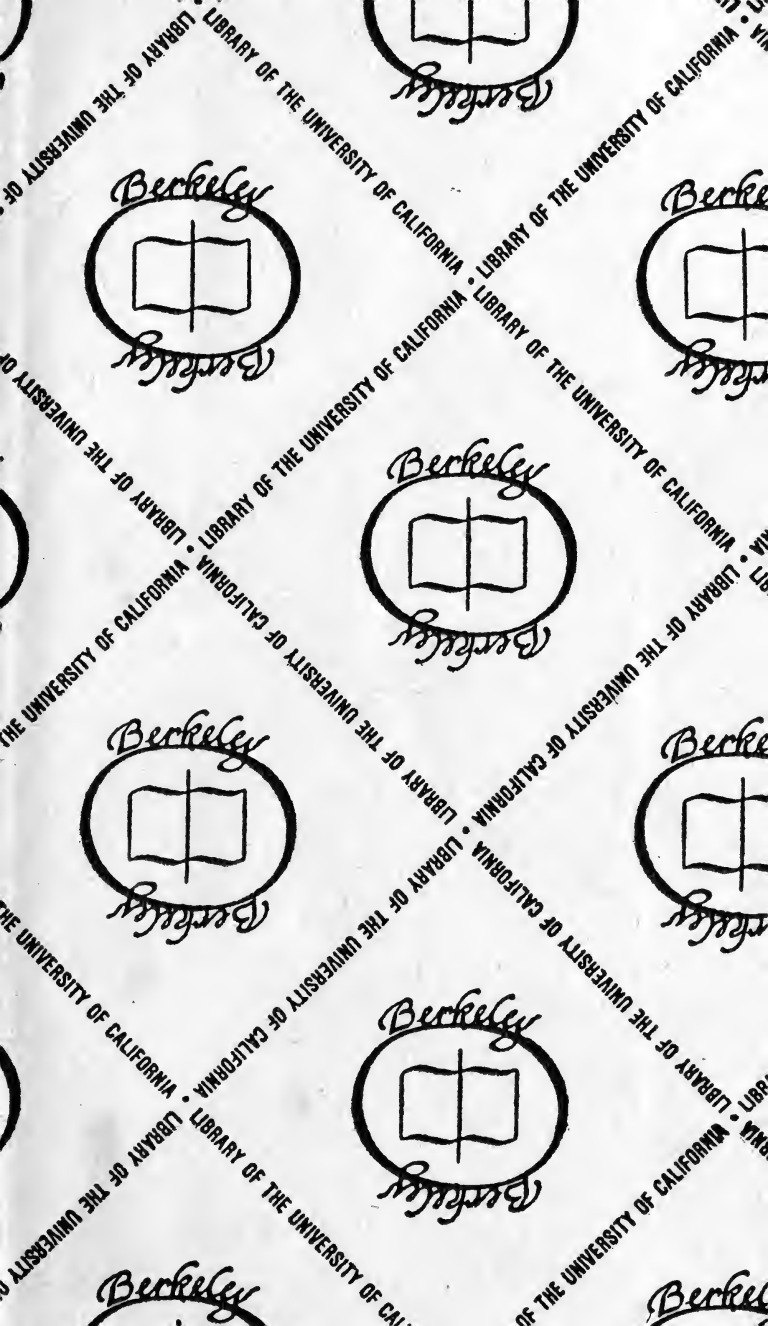


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Lanyon

non partizan League

To the Common People of North  
Dakota, whom I love so much and  
who have so often honored me, I  
affectionately dedicate this book.

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# INTRODUCTORY

## WHY THIS BOOK WAS WRITTEN

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Two books have been written on the Non-partisan League, one by Charles Edward Russell, not long ago a candidate for Mayor of New York City on the Socialist ticket, who has been one of the leading radical Socialists of the country; and of Russell, A. C. Townley himself testified under oath, on page 179 of the transcript of the record in his bankruptcy proceedings, as follows: "I remember now, Charles Edward Russell WAS EMPLOYED TO START THE NON-PARTISAN LEAGUE. He was with us during several months that fall. I recall now. In January or February he went to California. This money, as I remember, was sent to him, your Honor, in settlement of all or part of our account with him at that time. He was an employee of the organization; as I remember, his mission in Seattle was to secure a newspaper man on his way."

So much for Russell and his book boosting Townley and his fellow Socialists.

The other book was written by Herbert E. Gaston, imported from the State of Washington ON THE RE-

COMMENDATION OF DAVID C. COATES, WHO IN 1905 HELPED BILL HAYWOOD ORGANIZE THE I. W. W. Gaston has been on the payroll of Townley or his allied associations continually for almost the entire length of time that the Socialists have fought to secure control of North Dakota, and at present is editing newspapers and spreading propaganda for this outfit at so much per year.

The public can judge for itself the purposes for which these books were written. Whether these authors were serving their monied masters, Townley, Lemke and Wood, or whether it was their intention to give the people of the United States THE REAL FACTS?

These two books are a fair sample of the propaganda with which the United States has been flooded these last years—unreliable, one-sided, unfair and designed to prejudice the minds of the readers. These authors' present or past employers, Townley, Lemke and Wood who used the farmers' money and credit to fill these writers' stomachs, are hailed as saviors, heroes, of god-like visage and almost divine inspiration, while all others—no matter how honest—ARE CLASSED AS "BIG BIZ", "CROOKS," "TOOLS" AND "ENEMIES OF THE PEOPLE."

## PREFACE

In 1915, there appeared in the State of North Dakota what was first considered by all to be a farmers' political organization—an organization which soon captured the Government of this Commonwealth. Since then it has spread. Today it is active in fifteen or sixteen states and is spreading to others. I was born on a North Dakota farm and for years have been prominently identified with the politics of my native state. I have always been a progressive Republican, an earnest advocate of the Society of Equity and all good forms of co-operation, both among farmers and laboring men.

I have been closely connected with the Non-Partisan League, having at its very first convention been endorsed by it for Attorney General, after that having been elected and later again endorsed and re-elected. Shortly after my re-election, I voluntarily, because of their lack of faithfulness to their members; their autocracy and their political rottenness, commenced war on the leaders of the League in an attempt to get real tax paying farmers and not Socialists at the head of it. I feel that I am in a peculiar position to warn the people of this country of this danger to our beloved Republic.

I believe that the United States of America is cursed with many economic evils. I hate profiteering and gambling in options. I detest the men who at harvest time force down the price of wheat, rye, flax, oats and when the producers are forced to sell, pay them a low price and then charge the consumers exorbitant sums when they come to buy. I abhor the employer who will not permit collective bargaining on the part of his workmen, or the employer who is opposed to a just

Workmen's Compensation Fund. I anathematize the sulking shyster lawyer who garnishees workmen's wages for trifling debts—but most of all I distrust those men who in the name of reform make capital of present economic ills, and by lying, sneaking, black-brained, insidious propaganda arouse the farmers against the laborers, workmen against their employers, and hard working fellow human beings against each other. God knows we need reformers—but we need men and women who will build up, not tear down character; who will lift up, not lower morals; who will make this country a better, not a worse place to live in; who will help the laboring, business, farming and professional men, not harm them; who will bring sunshine, not darkness, into the lives of the people; who will have for their ideal not how much money, how much power, how much loot can I get sout of thi world BUT WHAT CAN I DO TO BETTER THE LOT OF MANKIND.

I am writing this book in North Dakota. I am the Attorney General of the state. Under the terms of the "anti-liars" act, the full text of which you will find in succeeding pages, if, in dealing with the institutions, departments, or industries of the State Government, I make one single statement in this book which is not true, I CAN BE PLACED IN THE PENITENTIARY FOR ONE YEAR. This ought to satisfy my worst enemy, adversary, or evil wisher.



THE LAW THAT THE SOCIALIST LEADERS HAD THEIR LEGISLATURE PASS TO FRIGHTEN STATE OFFICIALS WHO OPPOSED SOCIALISM. THERE IS NO OTHER LAW LIKE IT IN THE UNITED STATES.

“An Act Making It a Felony for Any State Official to Wilfully Publish False Statements With Reference to Any State Department, Institution or Industry and Providing the Manner in Which Such Cases Under the Provisions of This Act Shall be Tried and Providing the Penalty Therefor.

1. No state official shall wilfully publish any false statement in regard to any of the state departments, institutions or industries which said false statements shall tend to deceive the public and create a distrust of the state officials or employees in charge of such departments, institutions or industries, or which tends to obstruct, hinder and delay the various departments institutions and industries of the state.

2. The District Court in any county in the state where any such false statements shall have been uttered or otherwise published, shall have jurisdiction to try any case brought under the provisions of this Act.

3. In all prosecutions under the provisions of this Act and tried by a jury such jurors shall be selected from various parts of the county in which such case shall be tried.

4. Any person violating the provisions of this Act shall be deemed guilty of a felony and shall be punished by imprisonment in the state penitentiary for a term of one year or by a fine of Five Hundred Dollars (\$500.00), or both.

5. All Acts or parts of Acts inconsistent with the provisions of this Act are hereby repealed.

Approved by Governor Frazier 9:15 P. M., December 11, 1919.

The above is plain. I hereby serve notice that I have MAILED a copy of this book to every State's Attorney in every county in North Dakota. I have WILLFULLY PUBLISHED the book in every county in the State. I challenge arrest. I hereby call upon any State's Attorney in the State of North Dakota to do his duty and arrest me in case any of the leaders of the Nonpartisan League or the Governor will sign the criminal complaint.

And, readers, remember that under the criminal laws of North Dakota A FELONY DOES NOT OUTLAW FOR THREE YEARS. Townley and Lemke have made a VIOLATION OF THIS LAW A FELONY. Lemke is now a candidate for the office of Attorney General.

IF HE IS ELECTED, any time during THE NEXT TWO YEARS, during the time that he is Attorney General, HE CAN ARREST ME.

This ought to satisfy the most rabid Socialist.

And if I am not convicted, it will be conclusive proof to the thousands of farmers in North Dakota that what I say in this book is the truth.

Under the new law passed at the request of Townley and Lemke, Governor Frazier HAS THE POWER TO APPOINT Special Assistant Attorneys General. Under this law Frazier has appointed Lemke, one of the leaders of the league as assistant Attorney General. Likewise there are several State's Attorneys who are violently opposed to me politically. LEMKE OR ANY ONE OF THESE CAN ARREST ME RIGHT NOW.

I SAY TO THESE MEN—ALL OF THEM—COME ON. THE TIME FOR CALLING NAMES IS AT AN END. THE TIME FOR ACTION IS HERE.

WILLIAM LANGER.

Attorney General of the  
State of North Dakota.

## CHAPTER I

### WHAT CAUSED IT.

North Dakota politically has always been a progressive State—it's people are of almost every nationality under the sun—the Scandinavian element predominates, approximately forty per-cent being of that race; about thirty per-cent are of Teutonic origin and the other thirty per-cent are a mixture of Irish, Fins, Scotch, Italian, Welsh, Polish, Austrians, etc. These races have intermingled and inter-married. The result is that hardly anywhere in the world do you find a lower death rate or healthier people than in North Dakota.

The schools in this state rank among the very highest in the educational circles of this country. Splendid consolidated schools adorn the fertile prairies. In one county, Barnes, which is fifty by thirty miles in area and which has but eighteen thousand and some population, there are TWENTY-ONE consolidated schools, and these were practically all built years ago—long before the advent of the Socialists.

Whenever any state adopted a progressive law, the farmers and business men of the State of North Dakota, through their representatives in the Legislature, adopted that progressive measure. No where in the United States had LaFollette's forward-looking laws a heartier welcome than in North Dakota. From the primary law down we have them all. In no state government had there been less graft than in North Dakota. In over thirty years of statehood, but two officials had gone wrong, of these one was prosecuted and convicted, and the other died before prosecution could be commenced.

North Dakota is predominatingly agricultural; about eighty-five percent of its people living in the country. Last year, 1919, was a poor one, yet we raised 53,613,-000 bushels of wheat; 3,800,000 bushels of flax; 14,-

950,000 bushels of barley; 38,400,000 bushels of oats, and 15,560,000 bushels of rye. We have pure bred herds of cattle and horses within our borders. We raise hogs, corn, clover and alfalfa. But our best crop is our fine, healthy children. No where can you find them prettier or healthier—**this is North Dakota.**

The state being almost exclusively agricultural, we are met with the problem of marketing our grain. This is now and has been for years our chief problem. The elevator combine saw an opportunity for profit. This **vast monopoly** placed a heavy burden upon the farmers and it has been a continual struggle for the farmers to get what they have been entitled to. In territorial days and for many years after the state was organized, the railroads reserved the right to control both directly and indirectly elevators located on the railroad right-of-way. Later laws were passed granting this right to private concerns. After several attempts, the farmers had laws passed compelling the railroads to build loading stations so that they could load their wheat directly into the cars. The railroad companies were able to spot cars at these loading stations, but the shortage of cars was **suddenly appalling.** The farmers got some more legislation passed and they commenced to join together, built co-operative elevators on the railroad right of way, and passed legislation compelling the railroad companies to furnish cars to these elevators.

Thus they progressed slowly in the face of vicious opposition. In 1915 there were approximately eight hundred of these co-operative elevators in North Dakota having an average number of stockholders of about fifty to an elevator. Old line companies had approximately fourteen hundred elevators in North Dakota. In some of the towns there were all the way from three to nine elevators.

But even this did not solve the problem for the farm-

ers, for, regardless of the elevators the grain was shipped from, nearly all the grain had to go outside the borders of North Dakota to the terminals **and it fell into the hands of the grain gamblers.** Approximately, according to statistics, one out of every three hundred deals in the Chamber of Commerce was bone fida—the two hundred ninety nine were gambling transactions.

It was about this time that George S. Loftus of Minnesota appeared on the scene.

Mr. Loftus was the embodiment of energy. When he first came to North Dakota to lead the fight he was in his prime, perhaps forty one or forty two years of age. He was a tall, healthy, robust, virile man. He was as fearless as he was uncompromising. He stumped North Dakota in behalf of the Equity Co-operative Exchange of St. Paul, Minnesota. The fight on Mr. Loftus was waged without regard to cost. The leading newspapers of the state deliberately lied about him. His methods were sneered at. He was ridiculed, maligned, cartooned and, figuratively speaking, crucified. He fought NOT FOR SOCIALISM AND PERSONAL POWER, but he fought these and his principles were the opposite. Instead of being an autocrat in control of an organization, he was, and he always remembered it and boasted of it, an employee.

Mr. Loftus was backed by United States Senator Robert LaFollette of Wisconsin, by John M. Anderson of St. Paul and by Benjamin Drake of Minneapolis, by Congressman George M. Young of Valley City, and by others. It took money to promote the cooperative ideas as embodied in this company. It was Loftus' dream to make it the largest co-operative grain concern in the world and have it head the establishment of a new Board of Trade at St. Paul, Minnesota.

Repeatedly I had the pleasure of speaking with him on the same platform, and no enthusiastic political con-

vention ever contained a finer spirit of co-operation than was ordinarily found in some of Mr. Loftus' meetings.

Away back in 1893, the Legislature of North Dakota passed an act to provide for the purchase of a site, and for the erection of a state elevator at Duluth, Minnesota, Superior or West Superior, Wisconsin, for public storage and the shipment of wheat, and the regulation thereof, and to appropriate money for that purpose. Although this law had been passed, nothing had ever been done by the succeeding legislatures. Twenty long years had passed and still no terminal elevators had been built. This is all the more remarkable because of the fact that at that time the legislatures were composed almost entirely of farmer members.

In 1912 the people voted on the following question: "Empowering the Legislative Assembly to enact laws providing for the erection and operation of terminal grain elevators in Minnesota or Wisconsin, or both. The vote was as follows:

Yes .....	56,488
No .....	18,864

Again nothing was done and in 1914 the farmers voted upon the question of "That the legislative assembly is hereby authorized and empowered to provide by law for the erection, purchasing or leasing and operation of one or more terminal grain elevators in the State of North Dakota, to be maintained and operated in such a manner as the Legislative Assembly shall prescribe and provide for the inspection, weighing and grading of grain received at such elevator or elevators. The vote was:

Yes .....	51,507
No .....	18,483

Truly, as the Socialists say the old political gang-

sters in North Dakota TREATED THE BALLOT BOX AS A JOKE.

The failure of the legislature to provide terminal elevators was the opportunity which was seized by the Socialists to organize the farmers of North Dakota into what is known as the Farmers Nonpartisan Political Organization.

There is absolutely no question but that a great many legislators would have voted for state terminal elevators who voted against them, had not Mr. Loftus made an attack upon the legislature. The afternoon before the bill was to come up in the House, some four hundred farmers came to Bismarek, being summoned here by the leaders of the Equity.

A board had gone to Mr. Loftus and had asked him to submit any plan he might have for making terminal elevators a success. Mr. Loftus refused to submit any plan, charging that the investigating committee was biased and then he came to Bismarek. The investigating committee claimed that it was fair, that they were looking for information and that the scheme was so impractical that Mr. Loftus could not work it out properly so the farmers of North Dakota would be benefited and that, for political effect, he was simply making wild charges.

Be that as it may, the net result of the committee's recommendation was that the terminal elevator proposition was not feasible and it was to overcome that report that the farmers were called to Bismarek by the leaders.

Unfortunately for North Dakota, the speaker of the House of Representatives was a self-opinionated, egotistical, blow-hard by the name of Treadwell Twitchell. To him, the will of the people as twice expressed meant nothing. He, Twitchell, had made up his mind that terminal elevators were going to be a failure and the

fact that fifty thousand people thought differently had no effect on his mind. Forgetting all about the mandate of the people, Twitchell worked against their expressed wishes.

Later Loftus re-gained any prestige he might have lost during the roll call by debating Twitchell before three thousand people at Aneta, the debate being arranged by Mr. J. G. Gunderson, where he unmercifully and decisively defated Twitchell in the debate. Whatever little doubt, that may have been in the minds of the farmers of North Dakota before that debate, vanished and they wanted terminal elevators a hundred times more than they ever did before.

But to go back to the roll call. The night before the bill was to be voted on, after the stormy afternoon meeting in the House of Representatives, Loftus gave a speech in the Commercial Club at Bismarek. During the course of that speech he called the roll of the legislators and stated how his investigation lead him to believe each man would vote on the terminal elevator measure. To some of the legislators he referred in contemptuous tones—others he attacked for their personal habits. There was no question but that the result of his speech was to arouse the ire of the legislators, and some afterwards voted against the bill who, if Loftus had not made that speech, would undoubtedly have voted for it. The final result was that the legislature turned down the bill by a vote of 64 to 40.

Up to this time few of the genuine, hard working farmers and tillers of the soil in North Dakota had heard of A. C. Townley being mixed up with the terminal elevator and equity movement. During all the years that the other Equity men and myself worked to establish the Equity Co-operative Exchange in St. Paul



A. C. Townley and A. E. Bowen were never assisting. Although I was intimate with, and in business with some of the leading Equity men, the name of Townley never crossed their lips. He was unknown and at the very time when the Equity fight was at its worst, Townley's occupation was that of **state organizer** for the Socialist party in North Dakota. He was a candidate on the Socialist ticket from the Thirty-Ninth district for election to the very legislature which turned down the terminal elevator measure. His running mate was A. E. Bowen, who had run for Governor two years before on the Socialist ticket. Although both were beaten by the most overwhelming vote, both were at Bismarek, having come in to watch things and see if they could grab an opportunity to benefit themselves.

Previously to this Townley, Bowen and the other Socialists had had a meeting in which they came to the conclusion that the Socialists could not get anywhere in North Dakota under the name of Socialists, and decided to organize the Farmers Nonpartisan Political Organization. So they were at Bismarek to "size things up."

No sooner had the legislature defeated the terminal elevator proposition than these men got together and planned to organize the farmers of North Dakota into their organization.

Unquestionably, before this the Socialists had had longing eyes on North Dakota, the State that had twice gone to LaFollette for president—even Debs had won out in some places but it is evident that North Dakota never would have been selected for this experiment in Socialism, if the **politicians** at Bismarek had not refused to obey the will of the voters twice expressed in favor of terminal elevators. Thus the State was betrayed, not by Townley, but by Treadwell Twit-

chell and his cohorts; by a political bunch, who, although the people's vote only a few weeks before was 51,507 to 18,483 in favor of the terminal elevators, said "the people of North Dakota be damned," and to the four hundred farmers with Loftus—"Go home and slop your hogs."

They—Twitchell, Linde, and the rest, TOGETHER WITH CORPORATE INTERESTS TAKING EXTORTIONATE PROFITS AND EXCESSIVE INTEREST RATES THAT IS, ALL THEY COULD GET, AND GIVING THE PEOPLE AS LITTLE AS POSSIBLE IN RETURN—caused the Farmers to Revolt.

## CHAPTER II

### HOW THE FARMERS WERE ROBBED

Nothing amazed me more when I was in the Equity fight, than the ignorance of a great many city people of the marketing troubles of the farmers. This is all the more strange because a large percentage of city people own farm land which they have rented. One would believe that they would be thoroughly familiar with the State and Federal laws on grading, that they would know whether the dockage was taken in pounds or percentage, and they would be familiar with the doings of the close corporation known as the Minneapolis Chamber of Commerce, and that they would be thoroughly versed on the fight put up by George S. Loftus and his associates for the farmers of the Northwest.

How many city people realize, for instance, how the price for grain in North Dakota is fixed—not by Liverpool and not by the wheat crop in the Argentine Republic, these places may effect it indirectly—but the wheat price is fixed in North Dakota directly by the Minneapolis Chamber of Commerce, through a little bulletin sent out each day from Minneapolis, which is called The Grain Bulletin and is edited by a Mr. Durant.

If that little grain bulletin comes out and says to the elevator at Beach, Mott, Linton, Minot, Bottineau, Lisbon or Grand Forks, that the elevator there shall pay \$1.10 for wheat, **THAT IS THE AMOUNT THE ELEVATOR PAYS**, regardless of whether Liverpool has fifty million bushels of wheat and Argentine five hundred million bushels of wheat. In other words, the farmer is up against a controlled market. By means of that grain bulletin sent out every day, backed up by the

influential members of the Chamber of Commerce, the farmers of North Dakota have been robbed of millions of dollars. **THEY ARE BEING ROBBED TODAY**—you and I, every one of us in the business of raising wheat.

As Attorney General, I brought an action, suing the combination using this Grain Bulletin for ten million dollars, claiming that much loss to the farmers in one year. The Judge threw the case out of court, holding that, as Attorney General, I could not bring the action for two reasons, first that the Federal Government, under the Food Control Act, had control of the grain, and the other, that I had no right **TO SUE FOR THE FARMERS AS INDIVIDUALS**.

Everyone familiar with grain knows how time and time again, when the farmer hauled good wheat into town, he has been given the grade of "rejected". My family has raised wheat for forty years—we thoroughly understand the business from the **farmer's** end of it.

When you ship your wheat down to some commission house in Minneapolis, say Jones and Company, the commission firm takes samples of it, and the next morning has them displayed in the wheat pit. When the gong sounds for the beginning of the trading in the Chambers, some man, representing say Olson and Company, who has seen the grain you shipped to Jones and Company, buys it on sample at say ten cents below market, two cents are now assessed against the wheat for sale. The man who represented Jones and Company is quite willing to sell the wheat to Olson and Company because Olson and Company is a subsidiary concern of Jones and Company. In other words, Jones and Company took the wheat and sold the wheat to **themselves**, charging you two cents commission. Olson and Company now sell it at an advance of three cents

to Johnson and Company, and Johnson and Company sells it at an advance of three cents to Peterson and Company. And, if you investigate the matter, you will find that all of these concerns are owned by the original Jones and Company and that each of these sales have been made by **Jones and Company to themselves.**

Some folks may think that I am unfair to the Chamber of Commerce, and I will therefore refer any doubters to the proceedings before the Committees on Agriculture of the House of Representatives, Sixty-Third Congress, the same being a hearing on House Bill No. 14,498, providing for the uniform grading of wheat, and getting testimony of F. B. Wells, a grain operator of great repute on the Minneapolis market.

“Question.—You are the vice-president of the F. H. Peavey Company?

Answer.—Yes, Sir.

Q.—That is a line elevator company?

A.—They are not engaged in the grain business in any way, shape or form.

Q.—What is it?

A.—It is a holding company.

Q.—Holding what?

A.—Holding stocks of various grain companies in Canada.

Q.—What companies do they hold stock in?

A.—A controlling interest in the Globe Elevator Company of Duluth, all the stock of the Duluth Elevator Company and hold 95 per cent of the Monarch Elevator Company.

Q.—What is that?

A.—Country line on the Northern Pacific and Milwaukee. The Duluth is a country line; the houses are

principally on the Great Northern and the Monarch on the Northern Pacific.

Q.—Any other line elevator companies?

A.—Not in that territory. They have a few elevators in Nebraska. Then there is the Belt Line Elevator Company, a terminal located in Superior, and the Globe Elevator operates terminals in West Superior, and the Peavey Duluth Terminal Elevator Company operating in Duluth.

Q.—Have you any terminals in Minneapolis?

A.—The Monarch Elevator has a terminal; the Republic Elevator.

Q.—How many terminal elevators have you in Duluth?

A.—Three. Not in Duluth, but at the head of the lakes, two in Wisconsin and one in Minnesota.

Q.—How many country elevators are owned or controlled by these different companies, in the aggregate?

A.—Do I understand you mean Nebraska also?

—All of them.

A.—In Minnesota we have 64 elevators owned by the Monarch and Duluth Elevator Companies.

Q.—How many in North Dakota?

A.—About 110—no, I would say about 104, about 6 in South Dakota.

Q.—Nebraska?

A.—Fifty-five, I think.

Q.—Any in Iowa?

A.—Yes, one.

Q.—In the aggregate, about how many country elevators have you?

A.—About 225 or 230."

Likewise the hearing on House Bill 14,493. Sixty-Third Congress, testimony page 594, showed that this same company had many elevators in Canada, and the leases and intertwinings between its American sub-

subsidiary companies and those in Canada were so intricate that even Mr. Wells could hardly explain them.

If some of my readers are in doubt about the connection of these various grain companies, read the testimony of G. F. Ewe, connected with the great Minneapolis grain house called the Van Dusen—Harrington Company.

“Question—The capital stock of the other companies is owned by the Van Dusen—Harrington Company?

“Answer—Yes, Sir.

“Q.—Then the National Elevator Company, the Atlas Elevator Company, Van Dusen & Company, the Star Elevator Company, the Pioneer Steel Elevator Company, and the Crescent Elevator Company are subsidiary companies of the Van Dusen?

“A.—Yes, sir.

Later the witness added to this list the name of the Interstate Elevator Company as similarly owned, and testified that the thus owned National Elevator owned in turn 75 or 80 country elevators, in various parts of the Northwest; the Atlas Company owned 75 or 80, Van Dusen Company owned 50 or 60. He admitted ownership of more than 200 of these line elevators.

The North Dakota Bankers Association itself became dissatisfied with the marketing conditions and in 1906, appointed a committee of five to investigate the marketing situation. Among other places to which the committee went was Duluth. There they discovered one elevator that in three months made this record:

Grade of Wheat	Received Bu.	Shipped Bu.
No. 1 Northern .....	99,711.40	196,288.30
No. 2 .....	141,455.10	467,764.00
No. 3 .....	272,047.20	213,549.30
No. 4 .....	201,267.20	None
No. Grade .....	116,021.10	None

Rejected .....	59,742.30	None
Total .....	890,245.10	877,512.00
On hand, estimated .....	12,733.10	
		890,245.10

It was discovered that the value of the wheat when it was received by the elevator was \$875,405.66, and its value when sold was \$959,126.35, leaving a profit of \$83,720.69 in three months.

In addition to this, there was the screenings to be accounted for, and the committee reported as follows:

"The screenings actually taken out of the grain (in this one instance) averaged three-fourths of a pound to the bushel. From our knowledge of the dockage taken at country elevators and also that fixed by inspectors at terminal points during the period named, we believe this dockage of three-quarters of a pound actually taken from the shipper or farmer. These screenings sold for about eight dollars a ton. After the dockage of three-quarters of a pound per bushel was taken out, the grain was shipped from the elevator as clean grain without any dockage."

The record in another year was:

Grade of Wheat	Received Bu.	Shipped Bu.
No. 1 Hard	599,602	648,607
No. 1 Northern	15,187,012	19,886,137
No. 2	19,693,454	15,178,999
No. 3	7,035,133	1,971,355
Rejected	892,241	94,626
No. Grade	2,561,505	468,922

And another year.

No. 1 Hard	90,543	199,528
No. 1 Northern	12,401,897	18,217,789
No. 2	10,295,172	6,723,732
No. 3	2,616,065	283,299



Rejected	2,350,302	314,139
No Grade	2,586,843	256,943

These figures need no explanation. Anyone can see for himself that wheat of a low grade was put into wheat of the best grade, the elevators getting the profit and the farmers getting nothing.

These are only a few of the many evils in marketing of which the farmers of North Dakota complained Loftus had by his fight eliminated the switching charges.—He had organized the Equity Co-operative Exchange, but in all this fight for better marketing conditions, the farmers had to meet the stern, unrelenting bitter opposition of a few politicians.

The press did not give the publicity to the progressive element headed by Burdick that it should have given—Burdick, the farmer, who himself had been fleeced of nearly three thousand dollars in one cattle shipment to South St. Paul, who stood almost squarely for the original farmers' program—Usher L. Burdick of Williston, whom the Socialist leaders of the Non-partisan league for a long time considered endorsing in place of Frazier—but did not because they came to the conclusion that they could not handle him—that he would jump the fence when it came to putting over their Socialism. Burdick they were afraid wouldn't obey orders and from what I know of Burdick, I believe that IF USHER L. BURDICK HAD BEEN NOMINATED AND ELECTED INSTEAD OF GOVERNOR FRAZIER, today there would be no split among the men really in favor of carrying out the original farmers program. THE SOCIALISTS WOULD NOT BE IN CONTROL OF THE ORGANIZATION. BURDICK WOULD HAVE DONE WHAT FRAZIER DIDN'T HAVE THE NERVE TO DO. HE WOULD HAVE KICKED THE SOCIALIST LEADERS, WITH

DEBS, KATE RICHARDS O'HARE AND THE REST  
OF THEIR ILK, OUT OF HIS OFFICE, DOWN THE  
FRONT STAIRS OF THE CAPITOL BUILDING.

### CHAPTER III

#### ARE THE LEADERS SOCIALISTS?

One of the favorite methods of misrepresenting honest men and women who are opposed to the corrupt machinations of these three men, is for either Townley or Lemke( or one of the many men in their employ,) to get up and say to an audience of farmers, "They are calling you farmers socialists, I. W. W's, free lovers and Bolsheviks, they say you are stirring up class hatred and are unpatriotic"—a typical speech of this sort was given lately by Howard Wood. "They say that they are in favor of an elevator and mill that costs two million dollars, we are in favor of a program that will entail the spending of five million dollars, I would like to have them tell me just where socialism commences. Whether when they spend two million dollars and five cents, or when they spend two million and one hundred dollars." And the crowd went wild, they cheered as they had cheered no other part of the speech.

Although he is of weak intellect, yet Howard Wood knew better. Deliberately lying to his audience, he knew that the Minot platform distinctly stated that two million dollars would be spent only for CONSTRUCTION purposes. He knew any amount of money that might be necessary would be used to try out the mill and elevator proposition fairly. If it took three million dollars, to buy wheat and manufacture flour and send the same to other states and other countries, that that amount would be used. This is a sample of their arguments.

When an honest farmer attacks the pardon of Kate

Richards O'Hare by President Wilson, upon written recommendation of Governor Frazier, the Nonpartisan papers come out saying, "The Farmers movement is attacked."

When an honest man gets up and offers an honest criticism of the Bank of North Dakota, and demands that it be taken out of politics and put into the hands of the farmers themselves, the league papers in every county shout in unison, "The farmers program is being attacked."

When an honest citizen tells from a public platform how Townley did not dare to get on the witness stand at Jackson, Minnesota, the same papers controlled by Townley and Lemke chant, "The farmers of North Dakota are being attacked."

When honest officials elected by the farmers themselves arrest crooks and a jury composed of a majority of farmers, convict him the papers controlled by Townley and Lemke yell, "Convicted by Big Business because the defendant is a friend of the farmers program."

It is for this reason that I welcome the anti-liars license law. **THEY MUST EITHER PUT ME IN THE PENITENTIARY OR ADMIT THE TRUTH OF WHAT I AM SAYING.**

**What is the connection between Townley and his outfit of the Socialist party of the United States?** Here are the indictments by counts and I challenge the refutation of a single one:

1 A. C. Townley for years has been a socialist. He ran for the legislature of North Dakota on the socialist ticket in 1914, in the thirty-ninth district, and was defeated the vote being as follows:

In Billings County Townley received 230 votes out of 900.

In Golden Valley County Townley got 342 votes out of 1000.

In Bowman County Townley got 244 votes out of 821.

2 A. C. Townley under oath swore that he is a Socialist.

3 F. B. Wood, one of the other men who is in control of the organization is also a Socialist, running for County Auditor on the Socialist ticket in Ward County—and being defeated.

4 One of the men in charge of the organization, working for the League when it was organized, and when I was endorsed for Attorney General was A. E. Bowen who ran for the legislature of North Dakota in 1914 for the thirty-ninth district comprising at that time Bowman, Golden Valley and Billings Counties. The vote being as follows: Billings County 247 out of 900. Golden Valley County 392 out of 1000, and Bowman county 240 out of 821.

5 A. E. Bowen ran for Governor of North Dakota on the Socialist ticket in 1912 and received the following vote: 6,835 out of 78,190.

6 A. E. Bowen is now working for Townley and Lemke and Wood in Minneasota. Up to a short time ago his headquarters were near Detroit. He was in charge of the organization work in that congressional district which Halvor Stennerson represents in Congress.

7 Arthus Le Seuer chosen by these three men to be the executive secretary for what they call the Non-partisan League, has been a Socialist for years. He ran for Attorney General on the Socialist ticket in 1904 and 1910.

8 He ran for President of the United States on the Socialist ticket in March 1916, the very time the league

was being organized and received 1156 votes in North Dakota.

9 At the time the league was organized Charles Edward Russell, Socialist candidate for Mayor of New York City, was out here and Townley testified under oath on page 179 of his Bankruptcy proceedings that Russell "was employed to start the Nonpartisan League."

10. Eugene Debs with whom Arthur LeSuer was at that time in partnership at Girard College in Kansas was out here secretly addressing the socialists telling them to join the organization because it was the socialist party under another name. Debs has repeatedly run for president of the United States on the Socialist ticket.

11. Walter Thomas Mills who at that time, in 1916, was running for United States Senator from California on the Socialist ticket, against Hiram Johnson was out here on the League pay roll speaking, and I understand he is still spreading Socialism in other states.

12. The men endorsed for office were men who either were mixed up financially with Lemke so that he felt he could control them, or were radicals or socialists. At the first election just enough conservatives were put on to enable them to "get by. For instance Lynn J. Frazier for governor, was chosen by Townley and Lemke, WHY? Was he an Equity man? No. Had he any experience in business affairs. No. The farmers elevator company and the farmers store of both of which he was director had conducted their business so poorly that there was nothing to merit recognition there and although his neighbors had become fairly wealthy under the same crop conditions, yet Frazier had not. Then why did they pick him? Because he was in business with Lemke. He has been an associate in the Land Finance Company which con-

trols over half a million acres in Mexico. Frazier was carefully chosen, even Poor John Worst, Townley said was called up to headquarters one time and sized up for Governor. Townley at that time came to the conclusion that Worst was hungry for the job and too much of a politician, and Worst was side-tracked. Worst who published the story that the farmers were loosing fifty million dollars annually. A tale which many farmers still believe, but which is so raw THAT EVEN E. F. LADD HAS WRITTEN A LETTER REPUDIATING RESPONSIBILITY FOR ANY CONNECTION WITH THIS STATEMENT.

13 Justice J. E. Robinson of the Supreme Court was selected because he was a business partner of Lemke and at that time acting Secretary of the Land Finance Company of Mexico. He is no longer secretary, but still a stockholder. Only a few weeks ago Robinson's son was down in Nogales, Arizona, Lemke getting him down there to go into Mexico.

14 Judge Richard Grace of Mohall is a Socialist. While the Socialist local was running in Minot he visited it and was called "Comrade". The Socialist paper, the "Iconoclast" referred to him with a fraternal feeling.

15 Nelson Mason, the Governor's secretary, is a Socialist.

16 O. E. Lofthus, appointed by the governor as State Bank Examiner of North Dakota, a protector of first class crooks as proven in the Scandinavian Bank case, when under oath he admitted that he returned the evidence which Justices Bronson, Robinson and Grace, made me as attorney general hand to him, to the very crooks whom we had arrested and to the President who was convicted by the jury. He ran for Treasurer of North Dakota on the socialist ticket in 1916.

17 R. Goer appointed by Governor Frazier to be a

member of the State Bar Board examiners ran for attorney general of the State of North Dakota on the socialist ticket in 1916.

18 Seaman Smith appointed by Governor Frazier's Board of Administration as state transportation officer, is a Socialist. In 1916 he was elected sheriff of Golden Valley on the Socialist ticket.

19 D. C. Coates was imported from Spokane, Washington, by Townley, to edit the North Dakota Leader, and assist in various ways. Coates ran for city commissioner of Spokane on the Socialist ticket and in 1905 helped Bill Haywood organize the I. W. W. Later he has been managing the campaign for Duncan for mayor of Seattle Duncan running with the radical support, having been one of the leaders in the strike at Seattle. The strike was so important that Max Eastman, the leading International Socialist in the United States, went out to Seattle to "Help", after **first stopping off at Bismarck.**

20 Howard Wood, lieutenant governor of North Dakota, is a Socialist.

21 Alex Strom, who up to a few weeks ago was manager of the League in the state is a Socialist. He was elected sheriff of Williams County on the Socialist ticket. In 1914 he was a candidate on the Socialist ticket for the legislature, from Williams county, getting 300 votes.

22 Howard Elliot, who was state manager of the League before Strom is a Socialist. In 1914 he was a candidate for the Legislature on the Socialist ticket from Bottineau County getting 272 votes out of approximately 2500.

23 Beecher Moore, who was state manager of the League shortly before Elliot, is a former Socialist lecturer.

24 Some of the various speakers who they send out



to speak are secured by advertising in the Appeal to Reason, the leading Socialist paper of the country.

Here is a list of some of the speakers that have been speaking for Townley,\* Lemke and Wood, every one of the ma dyed-in-the-wool Socialist.

L. L. Griffith who was employed a portion of the time in the office at St. Paul and part of the time down in Oklahoma, is a member of the Socialist party of North Dakota. In 1914 he ran for Congress on the Socialist ticket and got 3,798 votes out of 27,251.

George Griffith a brother of L. L., is in charge of organization work for the National Nonpartisan League, and is a member of the Socialist party.

O. M. Thomason, who hails from the State of Washington, first editor of the National Nonpartisan Leader, was one time editor of the Iconoclast, a Socialist paper.

L. L. Randall, party socialist from the Pacific coast, well known Socialist orator and organizer.

R. B. Martin, Socialist lecturer, has had charge of organization work in Montana and Minnesota.

Henry Teigen, confidential handy man at headquarters, and who part of the time is considered to be the treasurer, calls himself a Socialist.

Joseph Gilbert, third party socialist, lecturer and leader from Pennsylvania. He is a lawyer and at one time had charge of the organization work in all the states.

Alfred Knudson, lecturer and organizer, North Dakota, a party socialist.

J. C. Duncan, Socialist mayor of Butte, Montana, and was manager in South Dakota in 1917.

R. L. Cooper, North Dakota party socialist. Very active in the organization of that party in Western North Dakota. Was in Kansas for a while but assisted in the work in Minnesota and South Dakota also. In

1914 candidate for the legislature from Williams County and got badly beaten.

O. S. Evans, North Dakota socialist, in charge of work in Nebraska, for a while and then transferred to South Dakota.

J. A. Currie, party socialist lecturer and organizer formerly employed by the Socialist party in Texas and Florida, was in this work for years before coming to work for Townley and Lemke.

Ernest O. Meitzen, party socialist, prominent in the Socialist party in Texas for years.

O. Meitzen, father of E. O. Meitzen, also a Texas party socialist and former editor of the "Rebel," a radical socialist publication, barred from the United States mail by executive order of the federal government, now editor of the German edition of the North Dakota Leader. Meitzen boosted hard for Arthur Le Seuer for President of the United States on the Socialist party.

Thomas R. Hickey, one of the best known Socialists of the south, was associated with the Meitzens in the publication of the "Rebel".

Wilson Woodrow, party Socialist prominent in the Socialist party in Oklahoma, published a weekly paper called "Woodrow's Magazine."

Leon Durocher, who ran for Congress in North Dakota on the Socialist ticket in 1914. For a while had charge of the organization work in South Dakota. He became disgusted with Townley's autocratic methods and has repeatedly refused to work for Townley and Lemke.

J. Arthur Williams, party socialist and formerly assistant editor of the "Iconoclast", Socialist paper published at Minot. He was one of the first organizers employed by the League in North Dakota and later was sent to Montana. In 1914 he was candidate for

governor on the Socialist ticket and polled 6530 votes out of 82,626. At the time the League was being organized he joined Townley at so much per month, the result being that there was an immediate drop in the socialist vote.

In 1912 the Socialist vote in North Dakota for governor was 6,834, in 1914 the socialist vote in North Dakota for governor was 6019, in 1916 the socialist vote in North Dakota for Governor was 2615, **and then the party disappeared.** There is no Socialist party in North Dakota. Just now Kate Richards O'Hare's husband is in the state giving speeches and getting signatures to a petition which will enable Debs to run on the National Socialist ticket—BUT THERE IS NO NEED NOW OF A STATE TICKET.

## CHAPTER IV

## FARMERS—AND A POLITICAL MACHINE

Four years ago the state officers were elected upon the plea that the people wanted lower taxes, less of politics and a more economical administration. As soon as Townley, Lemke and Wood got control of the administration, instead of lower taxes, they doubled and trebled them. Instead of economies, extravagance abounded. In place of less politics, politics have increased to a degree undreamed of.

EVERY TIME YOU PLACE A MAN ON THE STATE PAY ROLL HE BECOMES A BOOSTER FOR THE ADMINISTRATION. It is the plan of those in power to scatter these men judiciously through the State of North Dakota, to have them in all walks of life, to have them directly responsible not to any Senate, not to any association that might be interested in the business, but to have them RESPONSIBLE DIRECTLY TO THE GOVERNOR AND REMOVABLE AT HIS PLEASURE—THE GOVERNOR, OF COURSE IN TURN BEING HELD TO STRICT ACCOUNTABILITY TO TOWNLEY, LEMKE AND WOOD.

“OUR” Governor is the way Townley describes him when speaking to the “inner circle.”

Not only are the laws so drawn that they can give out ALL THE JOBS they wish, but they can PAY ANY SALARY THEY CHOOSE, and there is the even greater political evil of PROMISING MEN JOBS BEFORE ELECTION and then being ABLE TO FULFILL THE PROMISE. Here are some of the jobs that they can give.

The Bank of North Dakota is placed under the Industrial Commission consisting of the governor, attor-

ney general and the commissioner of agriculture and labor. THE GOVERNOR CAN VETO ANYTHING WHICH THE COMMISSIONER OF AGRICULTURE AND LABOR AND THE ATTORNEY GENERAL MAY DO. HE IS SUPREME. WITHOUT HIS CONSENT, THE OTHER MEN ELECTED CAN DO NOTHING.

Consequently under Chapter 147 of the Session Laws of 1919, creating the Bank of North Dakota, the Industrial Commission (which is the governor) has the following power. It can appoint a manager of the Bank of North Dakota and may appoint AND COMPENSATION of each.

Contractors,  
Architects,  
Builders,  
Attorneys,  
Cashiers,  
Tellers,  
Clerks,  
Accountants,  
Agents,  
Servants,  
And other experts,

AS IN THE JUDGMENT OF THE COMMISSION (which is the Governor) THE INTERESTS OF THE STATE MAY REQUIRE, and shall define the duties, designate titles, and FIX THE COMPENSATION AND BONDS OF SUCH PERSONS SO ENGAGED. And to make it even stronger and to make the manager understand just where his power comes from, the act says, "provided, however that subject to the control and regulation of the commission" (which is the Gov-

ernor) "the manager of the bank, shall appoint and employ such :

Deputies,  
Tellers,  
Other subordinates,  
And such contractors,  
Architects,  
Builders,  
Attorneys,  
Cashiers,  
Tellers,  
Clerks,  
Accountants,  
And other experts,  
Agents,  
And servants,

As he shall in his judgment deem are required by the interests of the bank. All of the men appointed are **REMOVABLE AT THE PLEASURE OF THE COMMISSION**, (which is the Governor).

The law then goes on and gives the Industrial Commission (which is the governor) the sum of **TWO MILLION DOLLARS TO START THE BANK IN BUSINESS**.

The Home Builder's Association is a similiar gem of **MORE JOBS**. Section 4 of Chapter 154 provides that the Industrial Commission (which is the Governor) shall obtain **SUCH ASSISTANTS AS ITS JUDGMENT SHALL BE NECESSARY** for the establishment, maintenance and operation of the association.

To that end it shall appoint a manager and may appoint such **SUBORDINATES AND OFFICERS AND EMPLOYEES AS IT MAY DEEM EXPEDIENT**. It shall employ such :

Contractors,  
Architects,

Builders,  
 Attorneys,  
 Clerks,  
 And other experts,  
 Agents,  
 And servants

as in the JUDGMENT OF THE COMMISSION THE INTERESTS OF THE STATE MAY REQUIRE. It shall designate the title and FIX THE COMPENSATION and bonds of all such persons so engaged. Then there is the clause as in the bank act, showing that the manager is subject to the CONTROL OF THE GOVERNOR.

THEN there is the Commissioner of Immigration, the Commissioner is also APPOINTED BY THE GOVERNOR, WITHOUT ANY CONFIRMATION BY THE SENATE. HE SHALL EMPLOY AND FIX THE SALARIES OF ALL ASSISTANTS necessary for the purpose of carrying out the provisions of this act, and then they APPROPRIATED FOR HIM TWO HUNDRED THOUSAND DOLLARS.

THEN there is the Industrial Commission itself, which is in reality the Governor, and section 3 of Chapter 151, 1919 Session Laws, provides, "In the transaction of its general business, it may employ a,

SECRETARY,

And OTHER SUBORDINATE OFFICERS,  
 CLERKS,

And AGENTS,

ON SUCH TERMS AS IT MAY DEEM PROPER, APPOINTING AND DISCHARGING ALL PERSONS SO ENGAGED WHEN IN ITS DISCRETION the public interests require. The commission may require suitable bonds of any such secretary or other

subordinate officer and SHALL FIX THE AMOUNT COMPENSATION of each.

THEN there is the Workmen's Compensation Board (which is the governor). Section 4 of Chapter 162, 1919 Session Laws, provides that it shall consist of the Commissioner of Agriculture and Labor, and two commissioners, TO BE APPOINTED BY THE GOVERNOR who CAN BE REMOVED BY HIM, thus giving him control, and this bureau SHALL EMPLOY SUCH:

ASSISTANTS

AND CLERICAL HELP

as IT MAY DEEM NECESSARY, and FIX THE COMPENSATION of all persons so employed. Provided that all such clerical help and assistants shall be subject to existing laws regulating the selection of department clerks. The law provides also for the SALARY AND COMPENSATION OF:

Members of the Bureau,

Actuaries,

Assistants,

Inspectors,

Accountants,

Physicians,

And other assistants

and all other expenses of the Bureau.

Then there is the Hail Insurance Law. Section 30, Chapter 160, 1919 Session Laws, provides that the Commissioner of Insurance shall have authority to employ all necessary ASSISTANTS, to provide and furnish all necessary supplies, to appoint a

Manager, (SUBJECT TO THE REMOVAL OF THE GOVERNOR)

A chief inspector,

And other deputy inspectors,

A chief clerk,

And as many adjustors



And assistants

as may be necessary to adjust all claims for losses from hail, and the Commissioner of Insurance shall designate the duties and **FIX THE COMPENSATION OF ALL SUCH EMPLOYEES AND MAY REMOVE any or all of them WITH OR WITHOUT CAUSE.**

Then, of course, there are the taxes. And, as Chief Justice John Marshall said, the power to tax is the power to destroy. Chapter 213 of the 1918 Special Session Laws, provides that the Governor with the advice and consent of the Senate shall appoint a **TAX Commissioner**, who shall serve for a term of six years, or until his successor is appointed. **THE GOVERNOR MAY REMOVE THE TAX COMMISSIONER AT ANY TIME AND APPOINT A SUCCESSOR**, and Section 1 of Chapter 69 of the Law passed by the Sixteenth Legislative Assembly provides that the State Tax Commissioner may appoint in each judicial district of the state a tax supervisor in each district, who shall serve four years, and such **TAX SUPERVISOR MAY BE REMOVED WITH OR WITHOUT CAUSE BY THE COMMISSIONER.** To help things along \$62,387.38 were appropriated.

Then we have the Motor Vehicle Department, Chapter 131 of the Session Laws of 1917, provides that the Highway Commission shall consist of the Governor, as Chairman, the Commissioner of Agriculture and Labor the State Engineer, who is **APPOINTED BY THE GOVERNOR**, and **TWO** other members are also **APPOINTED BY THE GOVERNOR.** The law creating the commission provides that the state engineer shall be the Secretary. Chapter 182 provides that the Commission shall appoint a registration clerk, and section 17 states with **THE APPROVAL OF THE**

COMMISSION, (which is the Governor) the Secretary shall appoint all

Such Deputy Assistants  
or Employees

as he may deem necessary for the purpose of this act. The compensation of such employees to be fixed by the Commission on recommendation of the Secretary of the Board, and paid out of the state highway commission fund. In order to get this commission going nicely section 2 of Chapter 11, provides that a sum not to exceed \$150,000.00 per annum shall be set aside to defray the expenses of the State Highway Commission. The total amount of money handled by the motor vehicle department this year was \$636,842.40.

Then there are the schools—even they are not exempt from this political, socialistic machine. Section 4 of the Board of Administration Act, which robbed Miss Nielson, the Superintendent of Public Instruction, of the power to prescribe the course of study for the several classes in the public schools of the State, provides that they can employ certain

Officers

And Assistants,

Directors of vocational training,

School inspectors,

Business managers,

Accountants

and employees as may be necessary.

This Board consists of five members, THREE of whom are APPOINTED BY THE GOVERNOR, then section 4 goes on and says, “the Board of Administration (which is the Governor) shall be the judge of the qualifications and may remove any such employee when in its judgment (which is the Governor) the public service demands it.

Section 7 of the Board of Administration Act pro-

vides for the appointment by the Board of Administration (which is the Governor) to have charge of the supervision of the

certification of teachers,  
standardization of schools,  
examination for eight grade  
and high school pupils,  
preparation of courses of study  
for the several classes of public schools

and such other work as may be assigned to it by the board.

As attorney general, I was not subservient to them so they passed another law giving to the governor the power to appoint as many Assistant Attorneys General as they may have promised jobs to—THE SKY IS THE LIMIT.

Then there is The North Dakota Mill and Elevator Association, which is given by the Industrial Commission (which is the Governor), controlled by the Townley and Lemke, the power to establish a system of

Warehouses,  
Elevators and Flour Mills,  
Factories,  
Plants,  
Machinery and Equipments  
and all other things necessary,  
Incidental or convenient in the manufacturing and marketing of all kinds  
of raw or finished farm products  
within or without the state and may  
dispose of them.

It may buy, manufacture, store, mortgage, pledge, sell, exchange or otherwise acquire or dispose of all kinds of manufactured and raw farm food products

and by-products and may for such purposes establish and operate

Exchanges,  
bureaus,  
Markets,  
and agencies

WITHIN AND WITHOUT THE STATE, including FOREIGN COUNTRIES, on such terms and conditions and under such rules and regulations as the commission (which is the governor) may determine.

The section goes on to say that the Industrial Commission (which is the governor) shall obtain such assistance as in its judgment may be necessary. It shall appoint a manager and may appoint such subordinate officers and employees as it may judge expedient. It shall employ such

contractors,  
architects,  
builders,  
attorneys,  
clerks,  
accountants  
and other experts,  
agents  
and servants

as in the judgment of the Commission the interests of the State may require and SHALL FIX THEIR COMPENSATION. It provides however, that subject to the control and regulation of the Commission, the Manager of the Association shall appoint and employ such

deputies and other subordinates,  
contractors,  
architects,  
builders,  
attorneys,

clerks,  
accountants  
and other experts,  
agents  
and servants

and he shall, in his judgment deem are required by the interests of the Association.

The Industrial Commission (which is the governor) MAY REMOVE AND DISCHARGE ANY AND ALL PERSONS APPOINTED in the exercise of the powers granted by this Act, whether by the Commission or by the Manager of the Association, and any such removal may be made whenever in the judgment of the Commission the public interests may require it:

TO ESTABLISH THE MILL AND ELEVATOR ASSOCIATION, FIVE MILLION DOLLARS WORTH OF BONDS ARE PROVIDED FOR.

Then Chapter 241 of the 1919 Session Laws provides for the Inspector of Grades, Weights and Measures, who shall be the same person as the Inspector and Sealer of Weights and Measures, who may appoint a Chief Deputy Inspector and such other deputy inspectors and employees as he may deem necessary and shall FIX THEIR COMPENSATION. An appropriation of \$20,000.00 is provided for him.

A splendid example of how Townley and Lemke were afraid to trust the railroad commissioners, elected by the people, but were willing to depend upon their tool, Governor Frazier, is shown in the Grain Grading Law. Chapter 56 of the 1917 Session Laws provided that the Board of Railroad Commissioners should appoint the State Inspector of Grades, Weights and Measures. But in 1919, on February 11th, they took this power away from the Railroad Commissioners and gave it to their tool. Of course, as they wanted to run E. F. Ladd for United States senator, the Governor appointed Ladd.

Among other appointments that Ladd had to build up his political machine was

a chief deputy state inspector  
 a chief elevator accountant,  
 deputy inspector of grades, weights and  
 measures,  
 state deputy inspector of grades, weights  
 and measures,  
 warehouse inspectors.

He has the power to :

issue licenses to warehouses,  
 buyers,  
 and solicitors of grain

and to employ such

experts,  
 deputies,  
 accountants,  
 clerks

and other employees

necessary to carry out the provisions of this Act and  
**TO FIX THEIR COMPENSATION.** (Pretty soft for  
 Ladd).

Under this law, Ladd and his deputy, McGovern, had about two thousand deputy inspectors and buyers of grain. Added to this power of appointment, Ladd was president of the Agricultural College; Oil Inspector Pure Food Commissioner, and had many other positions giving him an opportunity to build up a big machine to work against the interests of the farmers of the state of North Dakota and to fight Gromma, the man who fought to secure the first rural credit law in the United States of America—a law giving the farmers money at five percent interest—the very law that **Townley and Lemke fought.**

This is a part of the Socialist machine of North Dakota—a machine under which the commissioner of

immigration can appoint any number of men and **FIX THEIR COMPENSATION** and can send these men to Washington, Utah, Texas, Wisconsin or any other state in which the Socialists are making their fight and help them. And, this is best of all, **THEY CAN BRING THESE MEN BACK TO NORTH DAKOTA NEAR ELECTION TIME AS THEY DID LAST JUNE.** I am talking about a department of the State government. Come on Frazier, come on Townley, the Courts are open. Arrest me if it isn't true!

They have a man by the name of Walter Liggett in Washington, D. C., who is on the pay roll of the Immigration Commission. Liggett, Townley himself testified under oath was a Socialist. The Manager of the Mill and Elevator Association can send his Socialistic tools to Austria, Hungary, Russia or Korea—and the farmers of North Dakota pay the bill.

Is it any wonder that some of us men, seeing the inside of this monster organization, and knowing how they were fastening it onto the people, rebelled?

When we saw numberless new jobs created in addition to those that already existed—for they already had the naming of doctors, lawyers, veterinaries, barbers, druggists, bankers, farmers, and laborers to various boards—and a Fish and Game Board with fourteen hundred deputies and special deputies—naturally we protested!

Why, if Townley and Lemke were on the square and wanted to help the farmers, didn't they let the elevator, with its millions of dollars, be run by a **BOARD OF FARMERS** named by the Governor but confirmed by the Senate, which is elected by the farmers?

Why, if these men were on the square and weren't trying to build up a Socialist machine, **DIDN'T THEY LET THE \$10,000,000.00 PROVIDED FOR THE REAL ESTATE BONDS, TO BE SPENT** by the In-

dustrial Commission (WHICH IS THE GOVERNOR) go to the Board of University and School Lands, which board, elected by the people, for over **THIRTY YEARS HAS HANDLED MILLIONS OF DOLLARS AND HAS NOT LOST A PENNY?** They were afraid to trust the regular farmers—they appointed Seaman Smith the Socialist to assist in the spending!

Unless the people wake up soon, they will fasten upon themselves **A SOCIALIST POLITICAL MACHINE** which **IS A THOUSAND TIMES WORSE THAN THE OLD GANG EVER WAS**, and which they will spend millions of dollars to get rid of, for today, when an election rolls around, **what a force of workers they have!** As a matter of fact, they organize the year round, organize at the expense of the tax-payers of North Dakota. What a hydra headed snaky monster it is! **The farmer thinks he runs the machine—he doesn't—the machine is running him!**

For example here is a letter written by Joseph Coghlan appointed by the Governor, to be Clerk of the Supreme Court, which letter was written on **Supreme Court Stationery** and sent out under state postage.

Bismarck, N. Dak. Jan. 19, 1920.

Dear sir:—

I am authorized by the Chairman of the Republican Central Committee of North Dakota to solicit campaign funds for the coming primary campaign in this state. Any money you may contribute will be used in furthering the interests of the administration now in power in North Dakota.

As you no doubt now, it is customary, during political campaigns for every one holding office under the administration in power to do his share in trying to uphold the administration under which he is working, if he believes such administration is doing the right thing for the people of the State. I hope you will not feel put out in any way, by the request for some financial contribution to the coming campaign.

As a matter of politics it would be better if you keep this communication confidential, but as far as I am concerned I do not care who knows that I am trying to raise money in aid of the Nonpartisan League. I think it is a mighty good

\*Note—William Lemke of the Nonpartisan Executive Committee was the Chairman.



cause for a man to contribute a little money to, and while, as I said I would prefer you said nothing about this matter, if you feel otherwise, it makes no difference to me.

In North Dakota, under the rule of the Old Gang, every office holder in the State, including even the janitors at the State Institutions had to dig up ten per cent of their yearly salary, at every political campaign, most of which contributions were used to further some pet scheme of the "Bosses" or to buy booze with. The money which we are trying to raise now however, will be used, every dollar of it for clean, legitimate purposes; practically all of it will be used in paying the expenses of speakers in North Dakota, who will set forth the facts, as we see them, before the people. I would suggest that you contribute \$75.00. If you have not the money just now, we will be glad to take your post dated check, due April 1st, or sooner, if you wish. Make your check payable to cash.

Very truly yours,

Joseph Coghlan

And here is another letter written by Mrs. Dupuis, wife of one of the Railroad Commissioners. This letter was written on **railroad commission stationery** and sent out under state postage.

Dear Madam:

Enclosed herewith find your membership certificate. Pardon the delay in delivering it to you but most of the cards were issued at the meetings but not seeing you I am now mailing this to you.

Our new membership enrollment has started and members can rejoin for the 1920 period at any time. There is to be a social meeting, refreshments, music and interesting talks Jan. 8th, Thursday night.

Be sure to come.

Your truly,

E. Dupuis

Secretary.

With the employees giving part of their salary, what a fund can be raised—(especially when the salary can be fixed by Townley, Lemke and Wood through their tools. They can make the salary \$10,000.00 and room and board, or they can make it \$15,000, or they can make it \$1800 per month as they paid their Ohio expert)—**TO FIGHT THE FARMERS WHEN THEY WAKE UP.**

And whenever there is a man who has courage  
Note: If all the members of the State department of which the man to whom this letter was written belongs, contributed in that proportion, Lemke must have gotten nearly ten thousand dollars from this one department.

enough to run for Governor, or some other state office, the state law comes along and states that he cannot spend more than fifteen percent of his first year's salary, which for Governor would mean \$750.00—\$750.00 AGAINST THAT TREMENDOUS MACHINE.

Other states ought to take heed—if they wish a political machine of this kind, I believe the farmers of North Dakota will soon be glad to give them ours—and be GLAD TO KISS IT GOODBYE.

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## CHAPTER V

## CRUCIFYING HONEST OPPOSITION

The Socialist leaders through control of the press can ruin the reputation of any man who will not humbly bend his knee to them. Nothing is more subversive to the undermining of genuine democracy than for two or three men to set themselves up as dictators, with absolute control of a large portion of the press, with which they can villify, blacken and tear to shreds the character of any honest citizen who dares to utter a word in protest.

Every man who disagrees with their viewpoint is a crook, and a scoundrel in the employ of "Big Business"—which is only another name for what the Socialists call the "Capitalist Class." No form of calumny is too low. **Attacks on or praise of religion or nationality** is employed—which ever temporarily suits them—to get money or votes and their espionage system circulates false stories whenever the leaders deem it essential or safe.

I will name some North Dakota men, who although endorsed or appointed to office since the Socialists have been in control have temporarily had to face their newspaper attacks,

Simon J. Nagel, A FARMER who for thirty years has lived on his farm near Haymarsh, an ardent Non-partisan, originally. His character was so unimpeachable that he was appointed by Governor Frazier to be one of the three men on the Board of Control of North Dakota. Townley's tools went to Mr. Nagel and asked him to appoint a socialist by the name of Seaman A. Smith of Beach, to be Warden of the Penitentiary. Nagel refused to do their bidding, and the so-

cialist leaders made good their threats to get his position—when the legislature met they had it abolish the Board of Control so that Mr. Nagel would lose his job.

Representative Martin Koller of Hebron, a FARMER elected by the farmers, who for thirty years had lived on his farm, although he supported the League platform, refused to vote for the notorious printing and newspaper graft law, with the result that he became a marked man and “an enemy of the farmers” and “a tool of Big Business.”

Senator Fred Mees of Glen Ullin, elected by the farmers, fifteen years a farmer, refused to abide by the vote of the caucus on the newspaper bill, board of education bill, and tax bill, and was branded as a “crook” and “a scoundrel” and “a tool of Big Business.”

Senator A. G. Storstad of Cass County, elected by the farmers refused to sign the agreement to abide by the vote in the secret caucus, and has also been called all the choice names these scoundrels can lay their tongues to.

Representative Fred Nims, a farmer elected by the farmers, of Lisbon, Ransom County, became so disgusted with the autocratic “people be damned” attitude of the socialist leaders, that he left the legislature in disgust and went home. He also has been condemned to eternal damnation and his neighbors warned against associating with him.

Representative Bert Arnold of Bowman County, a farmer elected by the farmers, made a public apology for voting for a resolution condemning me, and that was sufficient to earn for him the name of “Benedict Arnold, the Traitor.” Their newspapers hounded this man so thoroughly that he left the state.

Representative Nels Kunkel, formerly sheriff of

Wells County, elected by the farmers refused to bow his head in adoration of the Socialist leaders, and has been branded as "a traitor," "a crook" and "genuine all round big business tool."

Representative W. E. Krueger of Mantador, Richland County, elected by the farmers, refused to vote for the printing bill and the socialist leaders went down there in person to defame him before his neighbors.

Representative Edward Herbert, a farmer elected by the farmers, of Killdeer, in Dunn County, refused to vote to take away the powers of Miss Minnie J. Nielson, for this he was immediately ostracized.

Representative Jim Harris, elected by the farmers, refused to vote for the educational bill and some of their spite measures, and for this he was called the "tool of Big Business," and a "crook."

Representative T. T. Donner, a farmer, elected by the farmers, of McIntosh County could not stand the rottenness and he has been blacked also.

Representative Henry Nathan of Logan County, a farmer elected by the farmers, refused to bend his knee and he also has been consigned to eternal damnation.

Frank E. Packard, appointed by Governor Frazier as tax commissioner, when he refused to recommend a one man tax commission, a proposition he had always fought, was branded as a fool, a crook, and a traitor, and as a person not fit for decent people to associate with.

Carl J. Eliason, a janitor who refused to serve meals to a bunch of guests that Governor Frazier had, lost his job over night. He was such small fry that they did not waste much newspaper space on him.

"Mick" O'Connor, a street car driver, among other

things, criticized one of their judges, and "Mick" lost his job.

Charles McDonald, the Warden of the Penitentiary, appointed by appointees of Governor Frazier, among other things refused to release some I. W. Ws. and they sent a socialist out to ask for his resignation, and they got it, and appointed an I. W. W., L. L. Stair, in his place as Warden.

George McFarland, one of the best known progressives in North Dakota, President of the Valley City Normal, refused to worship at the foot stool of socialism, and although he had been President of the Normal for twenty-six years, his resignation was demanded and obtained.

Representative William Pleasance of Pembina County, a farmer, elected by the farmers, refused to sign up for the secret caucus, was immediately branded as an outcast and enemy of the farmer.

Representative A. G. Lowe of Pierce County, a farmer, elected by the farmers refused to be a rubber stamp and was branded as a first class crook.

State Auditor Carl Kositzky, former county commissioner who made Alex McKenzie, the old railroad gangster, with whom the socialist leaders, are now working hand in hand, pay taxes on his water plant, the taxes being several years delinquent. Kositzky refused to sit silently by while the taxes were raised two or three hundred per cent, and was immediately branded with the name of "Krazy Karl," and has since been hounded day and night. No epithet has been too vile for their newspapers to use against him.

Thomas Hall, Secretary of State, a member of Union Labor, and who worked in the railroad shops for years, refused to let them run his office and has been hounded almost as much as Kositzky.

Senator Albert Stenmo, a farmer from Grand

Forks County, who refused the socialist leaders, nomination for Lieutenant Governor, declined to sign up for the secret caucus, and was branded as a crook.

A. T. Kraabel, Lieutenant Governor, refused to appoint committees he was asked to appoint by the Socialist leaders, and was branded as a tool in the employ of Big Business.

George M. Young, a member of Congress twice endorsed by the League refused to do their bidding in Congress and has been branded as an enemy of the farmer.

Railroad Commissioner, Sam Aandahl, of Litchville, a farmer elected by the farmers, criticized some of the activities of the socialist leaders, and immediately came under the ban, the latest story about him was that "Big Business had it on him."

Obert A. Olson, State Treasurer, endorsed by the League did some acts which did not suit the socialist leaders, and the socialist papers immediately pounded him.

Justice L. E. Birdzell, of the Supreme Court, decided against the Socialists in the Scandinavian American Bank case and immediately became a target for their editorials. **Even the courts are not immune.**

Laureas Wehe, appointed by Governor Frazier, of the Workmen's Compensation Bureau, after a few months in office did not consult the Socialist leaders sufficiently, with the result that he was removed by Governor Frazier and their newspapers branded him also.

Representative L. D. Wylie, a farmer now deceased, from Morton County, elected by the farmers, refused to follow the dictates of the socialist leaders, and was branded as a crook and died a few months later.

Representative Mike Lang of Morton County, refus-

ed to follow the socialists, and was likewise branded as a crook.

M. P. Johnson, one of the originators of the Nonpartisan League and elected to the railroad commission in 1916 with the League endorsement, was thrown down principally because he refused to stand for the appointment of J. A. McGovern as deputy state grain inspector.

Charles W. Bleick, also elected railroad commissioner in 1916, with League endorsement, was viciously attacked for the same reasons as Mr. Johnson.

Representative Charles Schick, a farmer of Lark, Grant County, refused to take orders and was likewise branded as an enemy of the farmers of North Dakota.

C. E. Depuis did not follow the dictates of the socialist leaders in some rulings, and has been branded by them as a man who "Sold out."

J. E. Waters, appointed by Governor Frazier and Commissioner of Agriculture and Labor, John Hagan, over my protest, to be Manager of the Bank of North Dakota, got into a row with them and has been branded as an enemy of the farmer.

J. W. Brinton the private confidential man of Townley who "put over" the notorious printing bill, and also the store scheme for them, refused longer to do their bidding and he also was immediately branded as a crook and black mailer—but for five years he was their confidential man.

Thomas Allen Box, one of the men mixed up in the notorious Valley City Bank deal became a political load to the league leaders, and was branded as a crook **AFTER THEY HAD USED HIM!**

J. J. Hastings, who testified that Townley sent him to Valley City on the notorious American Exchange



Bank, was branded as a crook, after he too had become a political load.

As for myself I have been called all the names that the socialist leaders could think of, among them:

a fool,  
 a coward,  
 a tool of big business,  
 a solicitor of slush funds,  
 a drunkard,  
 a free lover,  
 pro-German,  
 a slacker, and

a user of state money for private purposes.

And when I sued the Courier-News, one of the leading newspapers of the Socialist leaders for damages and **gave them an opportunity to prove just exactly what I was they**, after all their intimate knowledge of me, **COULD NOT EVEN ANSWER THE COMPLAINT**, but demurred and when they were **DEFEATED IN THE DISTRICT COURT, APPEALED** to the Supremé Court where the appeal is now pending.

All of the men I have named, and a majority of them are farmers, were either endorsed by the Socialist leaders or appointed to office by them, or their appointees. As far as I know every one of those men, with the exception of Box, Hastings, Brinton and Waters, is a progressively inclined man, opposed to the activities of the old gang bosses of North Dakota.

These men were not socialists, and wherever possible, the socialist leaders in the replacing of these men are either endorsing socialists for office or men who are socialistically inclined.

For instance, when the socialist leaders first got going they did not dare endorse more than two socialists for places on the state ticket. One was R. H.

Grace of Mohall, whom they endorsed and elected to the Supreme Court of the State. Grace in 1912 ran for State's Attorney of Renville County on the Socialist ticket and got 417 out of 1297 votes.

The other socialist was Howard Wood, whom they endorsed and elected Lieutenant Governor. Wood had been a delegate to the Socialist County Convention held in Minot on March 6, 1914, which convention was presided over by D. C. Dorman, later manager of the Nonpartisan League of Montana, and among the delegates were J. J. Fleekten, now State Senator from Ward County, elected on the Republican ticket. L. L. Griffith who has been mixed up in many of their allied concerns, and Arthur Le Seuer who afterwards ran for President of the United States on the Socialist ticket. At the same convention F. B. Wood, Vice President of the Nonpartisan League was endorsed for County Auditor, of Ward County. He is the father of Lieutenant Governor Wood.

In 1920, the League leaders became even bolder. This time they endorsed for State Treasurer R. H. Walker of near Yucca, North Dakota, a registered socialist for years. He had been one of the delegates to a socialist convention OVER WHICH A. C. TOWNLEY HIMSELF PRESIDED.

The socialist leaders would be unable to crucify honest opposition WERE IT NOT FOR THE NOTORIOUS NEWSPAPER PRINTING BILL. This bill is known as Chapter 188 of the Laws of North Dakota for 1919, and is as follows:

#### Chapter 188.

**STATE PUBLICATION AND PRINTING COMMISSION**  
 An Act Creating a State Publication and Printing Commission; Prescribing its Duties and Powers; and Repealing all Acts and Parts of Acts in Conflict Herewith.  
**BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF THE STATE OF NORTH DAKOTA:**

Sec. 1. In lieu of the Commissioners of Public Printing,

there is hereby created a commission to be known as the State Publication and Printing Commission.

Sec. 2. The said Commission shall be composed of the Secretary of State, the Commissioner of Agriculture and Labor, and the Chairman of the Board of Railroad Commissioners. It shall hold its first meeting in the office of the Secretary of State within twenty days after the passage and approval of this Act.

Sec. 3. The said Commission is authorized to appoint a State Printer, who shall also be Secretary to the Commission, and such appointee, may, by the Commission, be removed with or without cause. The person so appointed must at the time of his appointment have been a resident of the State of North Dakota for at least one year last past, and must be a practical expert printer. He shall receive an annual salary of Twenty-four Hundred (\$2400.00) Dollars; he shall perform all the duties now required of the expert printer, and such other duties as may be assigned to him by the Commission hereby established, and shall maintain his office in the State Capitol.

Sec. 4. In addition to the duties and powers now vested by law in the board heretofore known as the Commissioners of Public Printing the Commission shall have the power to make all printing contracts in all matters of state printing, and the power to designate a newspaper in every county in the state, and a newspaper or newspapers in the state in which publications required by law to be published by state officials, must be made. It shall be the duty of said Commission to designate in every county of this state a newspaper, which shall be the official newspaper, which shall be the official newspaper in each county in which it is designated, until its successor shall be chosen as provided by law; and in said newspapers in each county as designated, shall be published official proceedings of the Board of County Commissioners in each county respectively, and all other notices and publications that are now required by law to be published by county officers in the several counties, all summons, citations, notices, orders and other processes in all actions or proceedings in the supreme, district, or county or justice courts, which are or may be hereafter required by law to be published in the respective counties of the state; all publications of every nature that are now or may hereafter be required to be published by state officials, all notices of foreclosure by advertisement or real estate or chattel mortgages or of other liens on real or personal property; all notices of whatever kind and character now or hereafter required by law to be published, in said county provided, however, that in organized cities, towns or villages where no official newspaper is published, said city, town or village, council, commission or board, may designate an official newspaper for the publication of such notices and legal publications, as are now or may hereafter be required by law for said cities, towns or villages, including legal notices and official statements of the schools within such ci

ies, towns and villages, and the statements of banks and other corporations therein; but in cities, towns or villages where the commission designates an official newspaper, such notices and legal publications as are now required by law to be published by cities, towns or villages, shall be published in the official newspaper designated by the Commission. The Commission shall have the power and it shall be its duty to select one or more legal newspapers in this state for the publication of all state legal notices, including notices for the publication of any reports of corporations doing business in this state, now required by law to be published, either from the office of the Insurance Commissioner or Secretary of State or other state officers, and it shall have the power, in addition to the provisions of law now existing to make contracts with any printer, newspaper publisher, person or corporation for the publication of any state legal notice, for the printing of the state documents, laws, journals or other state matters, or for the making or providing of state stationery, of blanks and other documents whatsoever in their judgment they may determine so to do. It shall be the duty of every newspaper in this state thus designated by the Commission to send to the Secretary of such Commission, at Bismarck, weekly two copies of every issue published by it, and the Secretary shall keep on file in his office in the State Capitol a complete file of every such newspaper, and shall furnish to any person certified copies of matter contained in any of such papers, upon the payment by such person of the sum of ten cents per folio for each copy so furnished by him; the fee for such certified copies shall be turned over to the State Treasurer on the first business day of each month.

Sec. 5. The intent of this Act is to co-ordinate publication of all state legal notices, publications, reports and laws of every kind and nature under one supervising head, to have definite and certain legal newspapers in this state, so that information can be readily secured concerning any legal publication and to economize in the matter of state printing; and to keep a complete system of files where legal publications of every kind in this state can be readily found. This act shall receive a liberal construction in order to effectuate the purposes and intent thereof.

Under this law the Socialist leaders organized paper after paper with articles of incorporation like those of the Grand Forks American which follows:

NORTH DAKOTA  
ARTICLES OF INCORPORATION  
OF

GRAND FORKS AMERICAN.

KNOW ALL MEN BY THESE PRESENTS: That we, the undersigned, have this day voluntarily associated ourselves together for the purpose of forming a corporation under the laws of the State of North Dakota.

## ARTICLE 1.

The name of this corporation is GRAND FORKS AMERICAN.

## ARTICLE 2.

The purpose for which this corporation is formed is: To engage in the business of newspaper proprietors and publishers and in connection therewith to carry on the business of job printers, engravers, publishers, lithographers and electrotypers; to build, construct, erect, purchase, rent or otherwise acquire any building, office, workshop, plant and machinery or other things necessary or useful, and to do all other acts and things that a natural person may lawfully do in carrying on a similar business.

## ARTICLE 3.

That the place where its principal business is to be transacted and its post office address shall be the City of Grand Forks, County of Grand Forks and State of North Dakota.

## ARTICLE 4.

That the term for which it is to exist is twenty (20) years from and after the day of its incorporation.

## ARTICLE 5.

The capital stock of this corporation shall consist of five hundred shares (500) of common stock of the par value of two dollars (\$2.00) per share and nine hundred ninety (990) shares of preferred stock of the par value of One Hundred Dollars (\$100.00) per share. The holders of the preferred stock shall be entitled to cumulative dividends thereon at the rate of seven dollars per share for each and every fiscal year of the company, payable out of any and all surplus or net profits annually, and when declared by the board of directors. The remaining surplus or net profits, if any, shall be applied in paying cumulative dividends on the common stock at the rate of seven dollars per share for each and every fiscal year of the company, and the remainder surplus or net profits, if any, shall be paid as a special dividend on both the preferred and common stock share and share alike.

In the event of any liquidation or dissolution or winding up of the corporation, the holders of the preferred stock shall be entitled to be paid in full both the par amount of their shares and the unpaid dividends accrued thereon, before any amount shall be paid to the holders of the common stock.

## ARTICLE 6.

The preferred stock, after it has been paid in full shall be exempt from all liability for the corporate debts and obligations. Not more than 15 per cent of the proceeds derived from the sale of preferred stock shall ever be used for the purpose of organization.

The common stock shall be issued in payment for promotion and organization work and for services rendered or to be rendered, and after the same has been issued it shall be exempt from all liability of corporate debts and obliga-

tions, and there shall be no individual liability thereon as to the holders thereof.

ARTICLE 7.

That the number of its directors shall be FIVE and that the names and residences of those who are appointed to serve until their successors are elected and qualified are:

NAME	ADDRESSES
John N. Hagen, Pres.,	Deering, N. D.
A. G. Sarlie, Sec. and Treas.,	Grand Forks, N. D.
Harry Bronson,	Grand Forks, N. D.
O. H. Olson,	New Rockford, N. D.
Nels Gravam,	Park River, N. D.

ARTICLE 8.

To guard against litigation by entrenched wealth, the directors may buy the preferred stock of any stockholder by tendering him the par value, cumulative dividends, together with a 10 per cent premium, and such stockholder shall cease to have any further interest in the corporation.

ARTICLE 9.

The board of directors may, by means of a resolution adopted by a majority of the whole board, at a meeting duly called for that purpose, designate three directors to constitute an executive committee, which committee shall have and exercise all the powers and rights of the full board of directors in the management of the business and affairs of the corporation.

ARTICLE 10.

The board of directors shall have the power to elect a president, vice president, Secretary and Treasurer and such other officers and assistants as it may from time to time deem necessary.

ARTICLE 11.

Any officer or director, whether elected by the stockholders or named in the certificate of incorporation or elected or appointed by the board of directors, may be removed at any time, by affirmative vote of a majority of the stockholders of the corporation with or without cause.

ARTICLE 12.

Any officer elected or appointed by the board of directors may be removed at any time by the affirmative vote of a majority of the whole board of directors.

IN WITNESS WHEREOF, we have hereunto set our hands and seals this 17th day of July, A. D. 1917.

NAMES.	RESIDENCES.
Wm. Lemke,	Fargo, N. D.
F. B. Wood,	Deering, N. D.
L. L. Griffith,	Minot, N. D.

STATE OF MINNESOTA  
County of Ramsey.

On this 16th day of July, in the year one thousand nine hundred seventeen, before me, a notary public in and for said county, personally appeared William Lemke, F. B. Wood, and L. L. Griffith known to me to be the persons who are

described in and who executed the within instrument, and they each duly acknowledged to me that they executed the same.

IN WITNESS, I have hereunto set my hand and affixed my official seal the day and year last above written.  
(SEAL)

J. D. Hoogesteger,  
Notary Public.  
Ramsey County, Minn.

My Commission expires 5-18-22.

The part of this bill which fastened the MONOPOLY OF THE NEWSPAPERS UPON THE PEOPLE OF NORTH DAKOTA is that part of Section 4, which says that the COMMISSION OF PUBLIC PRINTING HAS THE POWER TO DESIGNATE A NEWSPAPER IN EVERY COUNTY IN THE STATE IN WHICH THE LEGAL PUBLICATIONS MUST BE MADE. The object of this provision was four fold:

1. It took away a great source of revenue from the independent newspapers in this state. All legal notices had to be published in the designated paper.

2. Before this bill was passed the socialist leaders had had their confidential man J. W. Brinton going from county to county securing options on newspapers, already running or establishing new ones. The papers so established having preferred and common stock, the common stock being controlled by the Publishers National Service Bureau of which F. B. Wood, Vice President of the League, is the Superintendent. The farmers, of course, pay for the preferred stock, while the socialist leaders through the common stock, control the editorial policy of the newspaper.

3. This paper being the only one in which legal notices were published for the next eighteen months, then it necessarily followed that any citizen in the county who wished to know what the county officials were doing had to subscribe for the newspaper, and

this gave the league leaders a greater circulation for their sheets.

4. These papers as Mr. Brinton himself stated would give the Socialist leaders power to ruin any man who opposed them.

With papers in practically every county in the state they can any morning they choose, brand their opponent, no matter how honest he may be, as a crook, and the opponent has no way of presenting his case to the people, unless he buys space in other newspapers, the cost of which is of course prohibitive.

This law gives the socialist leaders the power to say to the Governor—"Mr. Governor you will either sign the bill, which the legislature passed or we will brand you all over the state as a traitor of the farmers."

Insurance Commissioner, S. A. Olsness, for instance, became so thoroughly disgusted with the socialist leaders that he called some of the state officials to his office to formulate a protest. We left his office and the next thing we knew Olsness got "cold feet," and was afraid of publicity. and has been a good little follower of the Socialist leaders ever since, being so good in fact that they have favored him by putting him on some of the Boards.

To give the public some idea as to how thoroughly they control these newspapers, I have set forth the articles of incorporation of the Grand Fork American, published at Grand Forks. This newspaper cost the farmers nearly \$100,000.00 cash, and any one who reads the articles can see who controls it.

Section 5 of the Articles of Incorporation readily shows how five hundred SHARES OF THE COMMON STOCK AT THE PAR VALUE OF TWO DOLLARS per share, given for services rendered or to be rendered, GIVES A SOLID BLOCK OF STOCK TO THE



SOCIALIST LEADERS, either directly or indirectly.

Whereas the nine hundred and ninety shares of preferred stock scattered all over the northwestern uart of the state, with the result that when it comes to a meeting of the stock holders the five hundred shares have control.

There is hardly a man living in North Dakota, no matter how honest, square and up right he may be, who can withstand attacks from the socialist crew with their large gang of newspapers, back of which is the money derived from thee ounty printing in nearly every county in the state. In addition to that they have the enormous amount of money collected in the organization of the United Consumers Stores Company, ninety per cent of which they can use for "educational purposes." J. W. Brinton whom they are now seeking to discredit testified that he alone collected one million and one hundred thousand dollars from farmers in the Consumers United Stores Company, and time and time again I have heard Townley ridicule the farmers for being "damn fools" enough to pay \$100.00 for the priviledge of trading at a store they paid for.

This is the kind of an outfit which is in control of the state of North Dakota, posing as farmers friends, when as a matter of fact they are their enemies. For instance every drought stricken farmer in the western part of North Dakota knows that one of the greatest boons to North Dakota has been the Federal Loan Act, fought for so courageously by United States Senator A. J. Gronna. At the very time when Senator Gronna was working day and night to secure the Federal Farm Loan Act, which would enable the United States Government to loan money to the farmers of North Dakota at five or five and a half per cent, it was fought in the North Dakota Leader by Townley and his socialist outfit. In spite of their opposition it became a law, and

because it passed, millions upon millions of dollars has been loaned to North Dakota farmers. Many a man was able to save his land from mortgage foreclosure, simply because of that law.

What happened next?

The legislature passed a law at the special session of the legislature ostensibly to help the farmer, which is known as "the Seed and Feed Act" and in spite of the farmings of the men friendly to the farmers movement, the socialist leaders had the law so worded that the county got a first lien upon the land of the farmer, who purchased the seed, with the result that the Federal Farm Loan Board refused to make any more loans of federal money in North Dakota. Immediately hundreds of farmers of North Dakota were left high and dry. Their loans had been approved by the Federal authorities and they were depending upon the money, and numerous bankers had advanced money to the farmers relying upon those federal loans.

Farmers telephoned in from different parts of the state urging that something be done to get those six million dollars of federal money which was being held up by the seed and feed act.

Then the socialist leaders suddenly realized that in their opposition to the Federal Farm Loan Act they had over played their hand.

They frightened at the situation, urged me to do what I could to save the situation, after Frazier received the following telegram from William G. McAdoo

March 25, 1918

Hon Lynn J. Frazier, Bismarck, North Dakota.

Am in receipt of your telegram as well as telegrams from farmers, bankers, and organizations in your State As you know, the Federal Loan Banks are required by Act of Congress to lend money on first mortgages only. The enactment of your seed and feed law with the un-

usual provision that loans made thereunder should have priority of lien over mortgages previously recorded raises serious questions, both of law and of the security of loans made by the Federal Land Bank under the Act of Congress. I have referred the question to the Attorney-General of the United States for his opinion. If he should hold that your seed and feed law is a prior lien to farm mortgages made to Federal Land Banks, then it will be impossible for the Federal Land Banks to loan on mortgages in North Dakota. Your only remedy in that case will be to make the seed and feed law liens subordinate to the liens of farm mortgages to Federal Land Banks. As soon as the Attorney General of the United States renders his opinion, I will communicate it to you. Will you please let the people of North Dakota know that the officers of the Federal Land Bank of St. Paul and my colleagues of the Farm Loan Board and myself deeply sympathize with the People of North Dakota in the predicament in which they find themselves because of the prior lien given under the seed and feed law and that we are sincerely desirous of doing everything in our power to relieve them. It is impossible, however, for the Farm Loan Board or the Farm Loan Banks or myself to do anything in this connection if the Attorney General of the United States should hold that the lien of the seed and feed law is paramount to that of farm mortgages to Federal Land Banks.

W. G. McAdoo.

I went to Washington, D. C., taking with me Assistant Attorney General D. V. Brennan. Congressman John Baer, stated that nothing could be done, the case was hopeless. John Thompson, one of the socialist leaders down there stated that he had seen Vane McCormick, at that time a leader of the Democratic National Committee, and that nothing could be done.

John Baer said that he had seen Herbert Quick of the Farm Loan Board and that nothing could be done. **For three weeks I stayed there.** Chairman of the Farm Loan Board, Mr. Norris, was interested. Congressman P. D. Norton one of the best Congressmen that we have ever had in Congress worked day and night, to get me an interview with Wm. G. McAdoo, Secretary of the Treasury. I enlisted the heavy invaluable aid of Robert A. Taft, son of the former president, who in turn enlisted the aid of Secretary of Agriculture Mr. Houston, and finally the Farm Loan Board made the concession that if the **farmers borrowing the money** would put up a bond guaranteeing that the seed and loans would be made and finally that my request for the continuance of the loans would be granted. Burrell G. White of Baltimore furnished a bond that cost the farmers one fourth of one percent more in interest rates, in order to pay for the bond. The six million dollars of loans had been saved to the farmers of North Dakota, saved largely through the work of Congressman P. D. Norton, his brother-in-law, Assistant Attorney General D. V. Brennan and the splendid co-operation of Mm. McAdoo and his board and Mr. Burrell G. White, **BUT WERE THE SOCIALIST LEADERS GRATEFUL?**

No.

Although Dan V. Brennan died from the effects of that trip, before he could return to Bismarek, dying in St. Paul, yet the socialist leaders had sent word that Congressman Norton, and his brother-in-law must not be re-endorsed, and Norton who did as much as anyone else to get this money for the farmers was defeated at the Primary elections. **HE ALSO HAD REFUSED TO TAKE THEIR ORDERS AND WAS CRUCIFIED BY THE HATE OF THE SOCIALIST LEADERS.**

**CHAPTER VI****SOCIALISTS AS BANKING EXPERTS**

Along in February of last year, it was brought to my attention that J. J. Hastings and Thomas Allen Box, two men working with Townley, were organizing a bank in Valley City. These men had previous to this time organized banks in Hillsboro, Hatton, Grand Forks, Knox, Casselton, Leith, Regent and other places. In addition to this, every time a bank went broke these men were found hovering over the town that had had the misfortune, like vultures over a carcass.

When word came to me that a bank with a capital of two hundred thousand dollars was being organized in Valley City, I decided to investigate it.

The records show that this outfit organized the American Exchange Bank of Valley City under the name of the Federal Development Company. By this method HASTINGS AND BOX, AND THE MEN THEY REPRESENTED, ESCAPED ALL PERSONAL LIABILITY.

**The Farmers Were Fooled.**

It was represented to the farmers as shown by the sworn testimony given by William Olson, their President, before the State Banking Board, that the State Bank of North Dakota was being created by the legislature with a capital of two million dollars; that every school treasurer, village treasurer, town or township treasurer, city treasurer, county treasurer, and the Treasurer of North Dakota, would be obliged to put the public money into the Bank of North Dakota, and that this money would draw a low rate of interest (it is actually from two to four percent); that the organizers had a "stand-in" with

the men who would run the Bank of North Dakota whereby money would be taken out of the Bank of North Dakota and deposited in the banks manipulated by Hastings, Box and their associates, and that they in turn could loan this money out to the farmers around the country at higher interest rates.

### **\$20,000.00 For a Few Days' Work**

The stock in the Valley City Bank sold like hot cakes. In a few days the two hundred thousand dollars worth of stock was subscribed for and likely the farmers thought that they had control of the bank—but **they didn't**—for Hastings stated that it was also arranged that Townley, through his puppets and tools, would control fifty-one percent of it—that “**TOWNLEY HAD SENT HIM TO LOOK OUT FOR THAT.**” Hastings and Box, and the men they represented, charged the farmers ten percent of the two hundred thousand dollars for the organization of the bank, or twenty thousand dollars for about one week's actual work. This they had a **LEGAL** right to do.

On February 13th, a deputy bank examiner in Mr. Water's office made a report to the Banking Board that the new bank had complied with the law, that they had a charter and that all was satisfactory to Mr. Waters in the amalgamation of the new State Bank with a national bank at Valley City.

Mr. Hall and I were suspicious and as majority members of the Banking Board, instead of granting permission for the consolidation insisted upon Mr. Olson testifying, under oath, before the State Banking Board. Mr. Olson, after being sworn, testified that although he was **president** of the bank that he knew nothing at all about the deal, that he did not know how much they had paid for the national bank which the American Exchange Bank had bought out, and he showed an absolute ignorance of the transaction which was alarm-

ing. All he could tell was that the Consumers United Stores Company, a Townley concern, was "mixed up" in it some way; that he had a fifteen thousand dollar house on his hands, and that the farmers had been "stuck" for twenty thousand dollars commission.

### Hastings and Box Come Back

On my demand, Hastings and Box who were on their way to Florida for the United States Sisal Trust, also a Townley concern, were headed off at Minneapolis and asked to appear before the Banking Board. In the meantime, Mr. P. E. Halldorson, the oldest deputy Examiner in point of service to the State, was sent to Valley City to examine the outfit. Mr. Halldorson made his report to the Banking Board on February 18th 1919, and it showed that there was a \$15,026.91 graft in the deal besides the \$20,000.00 commission, and that in addition they had instead of \$36,375.00 in cash, the following notes which were considered either poor or no good:

Federal Development Company.....	\$6,750.00
Thomas Allen Box .....	1,250.00
United Consumers Stores Co.....	9,375.00
J. J. Hastings .....	9,375.00
Hastings, Box & Olson note.....	9,625.00
	<hr/>
	\$36,375.00

### The Loot Recovered

Mr. Hall and I immediately demanded that these notes be secured by good signatures with the result that on February 21st, a telegram was sent by William Olson from Valley City, stating that Thomas Allen Box' note had been paid, The Federal Development Company's note reduced and the balance secured, the Consumers United Stores Company and Hasting's paper secured, and that it all would be reduced in a few days. THE

FARMERS WERE THUS PROTECTED TO THE EXTENT OF \$36,375.00.

The majority members of the Banking Board, over Frazier's objection, insisted that before the state bank be allowed to take over the national bank that the way in which it was purchased be investigated. The report of Deputy Examiner Halldorson shows that on February 13th, 1919, a committee representing the farmers consisting of J. J. Hastings, William Olson and Louis Noltimier went to the American National Bank with full power to buy out the American National Bank; that later a contract was made by the American National Bank, by its president, James Grady, and its cashier, H. C. Aamoth, parties of the first part, and by the American Exchange Bank, by J. J. Hastings, William Olson and Louis Noltmeier, as parties of the second part, wherein it was provided in substance that \$146,050.00 be paid for the national bank. This contract was signed in triplicate.

Mr. Aamoth, who was the cashier of the American National Bank, showed Deputy Bank Examiner Halldorson the minute book of the National Bank, which showed that five hundred shares of stock in said National Bank were represented by J. J. Hastings, Thomas Allen Box and William Olson, and that they appeared to be the owning and controlling interest in the American National Bank.

The farmers, however, when they got the bank, were kept in ignorance of the fact that \$146,050.00 was the amount the contract called for and instead they were charged \$162,033.61. In other words, the stockholders of the National Bank were paid \$146,050.00 plus an item of interest amounting to \$856.70, or \$147,906.79, and the farmers actually paid \$15,026.91 too much, THIS SUM BEING IN THE NATURE OF A "RAKE OFF" MADE BY THE FARMERS FRIENDS'.



### \$15,026.91 Paid Back

Mr. Hall and I both stated that under no condition would we let the State Bank take over the National Bank unless this \$15,026.91 was returned, and on March 1st, 1919, the sum of \$15,026.91 was paid back to the farmers of Barnes County by Hastings and his partners. HERE IS A COPY OF THE REPORT SHOWING THE LOOT BEING PAID BACK:

#### THE RESTITUTION

On March 1st, 1919, J. J. Hastings paid to the Bank \$5,170.90 it was paid by a check signed by Fed. Development Co. on the American Exchange Bank and at that time credited to the profits of the Bank.

On March 25th, a further payment of \$9,856.01 was made by Mr. Hastings as follows:

By Check of Fed. Development Co. on this Bank	\$1160.77
By Check of Fed Development on People St. Casselton	1500.00
By William Olson to Hastings on Scand. Am. Fargo	2141.53
By Check William Olson on this bank	428.31
By note of J. J. Hastings for 60 days	4625.00

Total	\$9,856.01
Plus payment made March 1st	5,170.90

Total restitution	\$15,026.91
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Will state that I had the Cashier ascertain that the above outside checks will be honored. Regarding checks on this Bank there were sufficient funds to take care of them in each case. The Note given is secured by 37 shares of stock in the Merchants National Bank, at Wimbelton. This security leaves no margin as the actual value of the stock is about the same as the face of the note.

I wish to state further that, this note is not shown in schedule of liabilities of officers and directors elsewhere in this report, as same was put in subsequent to the date of the statement on, which this report is based.

In conclusion I will state that I feel satisfied that the \$15,026.91 item constitutes whole amount of money improperly appropriated in connection with the transfer of the assets, and a cash restitution of \$10,401.91 has been made, and the balance by note which latter should be liquidated by cash. I feel if this is done and Hastings connection permanently severed and his influence on the Bank permanently removed, together with such requirements carried out as the Banking Board shall see fit to impose regard the stock notes, that the Bank is entitled to be passed. In any event an early action should be taken looking towards rejection or admission, as

further delay is proving very detrimental to the business of institutions in the state."

Respectfully submitted,

P. E. Halldorson,

Deputy State Examiner

### **FRAZIER SUPPORTED LOOTERS**

When this matter came up Governor Frazier did his best for his masters and stated that we were trying to hurt the farmers organization. I then introduced the following resolution, which was seconded by Mr. Hall and carried, on roll call Mr. Hall and myself voting "Aye" and Mr. Frazier voting "No."

THAT ALL PAPERS OF EVERY NATURE, ALL LETTERS, ALL STATEMENTS OF THE BANK BEFORE OR AFTER THE APPLICATION, THE TESTIMONY GIVEN BY MR. WM OLSON AND J. J. HASTINGS, ALL COPIES OF MOTIONS MADE, ALL COPIES OF TELEGRAMS OR ANYTHING ELSE WHATSOEVER IN CONNECTION WITH THE AMERICAN EXCHANGE STATE BANK OF VALLEY CITY BE THROWN OPEN TO THE PEOPLE OF NORTH DAKOTA, OR TO ANY PERSON WHO WISHES TO SEE THE SAME.

After this I made the following motion which was seconded by Mr. Hall and carried, on roll call Mr. Hall and Mr. Langer voting "Aye" and Mr. Frazier voting "No".

"THAT IF AT ANY TIME ANY BANK OFFICERS, STOCKHOLDERS, PROMOTERS OF BANKS, OR ANY PERSONS CONNECTED WITH ANY OF THE STATE BANKS IN NORTH DAKOTA MAKE ANY EXORBITANT PROFITS HIDE ANY ACCOUNTS OR CHECKS OR DO ANY ACT TO BRING BANKING INTO DISREPUTE OR WHICH TENDS TOWARD WILDCATTING, OR ORGANIZING THE FARMERS TO BUY OUT A BANK, PROMOTE OR ORGAN-

IZE OR BUY OUT EITHER A NATIONAL OR STATE BANK AND CONSOLIDATE THE SAME WITH ANOTHER BANK. IN ANY INVESTIGATION IN ANY TRANSACTION ABOVE NAMED THE BOOKS OF THE SECRETARY SHOWING THE SAME SHALL BE OPEN TO THE PUBLIC AND THE MOST POSSIBLE PUBLICITY BE INVITED."

Who, tell us, who was afraid of letting the farmers know the truth about what was going on?

Why, I say, shouldn't the public read Cashier Amoth's testimony, given under oath, that Box came to him several times to get him to CHANGE THE CONTRACT so that the contract would call for \$162,033.61 instead of \$147,906.70—and now when he told Box that he, Box, and Hastings were already making \$20,000 out of the farmers, and that that should satisfy them, how Box replying said "Well, Mr. Rmoth, Mr. Hastings and I are not making as much as you think we are—after William Olson gets his share, the balance is divided into four parts—Hastings and I get half and Mr. Townley and Mr. Lemke get the other half!"

If what Mr. Amoth swore to was not the truth WHY DIDN'T THEY ARREST HIM FOR PURJURING!

Townley however was "scared"—he telephoned for Waters, the bank examiner, who left for Fargo on the next train—at Fargo Townley, Waters, Lemke, Hastings and a man by the name of Miller had a midnight conference and on February 23, 1919, Mr. Waters made the following statement in the Courier News over his signature:

**NOTHING WRONG AT VALLEY CITY, EXAMINER SAYS**

Secretary of Banking Board says forty other banks have had to meet stiff requirements of law.

J. R. Waters, Secretary of the State Banking Board and Bank Examiner, who reached Fargo early this morning, was

asked for a statement regarding the story carried in the Fargo Evening paper to the effect that League men had cleaned up \$57,000 on a Valley City bank deal. Mr. Waters said:

"The Forum, as usual, is attempting to cast reflection on the farmers' organization, and the men connected with it, by publishing false and misleading articles for which there is no foundation.

"A Valley City National Bank is re-organizing under North Dakota law to become a state bank. And as is usual, the entire assests of the bank must be passed upon before a state charter is granted. Because of our guarantee law, our examination is more severe than that required under national banks. Because we asked for additional securities and demanded some changes in paper before granting the state charter is no evidence that the men back of the bank are dishonest or thieves."

#### STATE LAW VERY SEVERE

"In fact, some forty banks in North Dakota that had been doing business in the state for years, had a hard time getting under the guarantee law because of ur severe requirements. There is nothing wrong at Valley City and the new bank, which is meeting our requirements, is one of the strongest institutions in the state."

"The matter of increase in the value of the bank building has nothing to do with the organization of the bank or the value of the stock, as the more the building is raised, the more surplus thebank will have. The deal there, as far as my knowledge goes, is legitimate, fair and honest, and whatever commission was paid for promotion was outside the bank and was stipulated openly in the transfer which every stockholder knowingly agreed to and paid at the time of making his subscription for stock.

"The story carried in anti-league papers seems to me to simply be a campaign to misrepresent and discredit any institution because it is backed principally by farmers and men connected with the League. The public can rest assured that there will be no wild cat banking nor bank promotions under the present bankig board, or while I have charge of the Examiner's office."

J. R. Waters.

### TOWNLEY DEFENDS WATERS IN HIS LIES TO FARMERS

Mr. Waters knew at that time that he issued the statement that he was deliberately lying to deceive the farmers of North Dakota. Townley, who at that time got a hundred dollars a month for dietating the editorial policy of the Courier News, as shown by his sworn statements in his bankruptcy proceedings before

Judge Amidon, knew all about the deal that Hastings and his partners put over and yet for weeks, the Courier News editorially defended Hastings and Box, saying that what they took was not too much.

Townley and Lemke and the rest of the League officials not ONLY BACKED UP WATERS BUT GOT GOVERNOR FRAZIER AND JOHN HAGEN TO APPOINT WATERS AS MANAGER OF THE BANK OF NORTH DAKOTA IN SPITE OF MY PROTESTS AND AGAINST MY RECORDED VOTE IN THE MINUTES OF THE INDUSTRIAL COMMISSION PROCEEDINGS.

In reply to my protests, Governor Frazier made only one remark—the matter having evidently been fixed before between himself and Hagan, he said, “We have got to have a man to manage the State Bank of North Dakota who is “right”.

Needless to say a lot of us inside the League organization, who wanted to see the affairs of the state ably administered, rebelled against the appointment of Waters, but Townley told the League organizers in Fargo that there was one man in Bismarck in whom he could absolutely depend, and that that man was J. R. Waters. THE GOVERNOR TWICE REFUSED TO ACCEPT WATER'S RESIGNATION AS BANK EXAMINER KNOWING THAT HE WAS ABSOLUTELY ESSENTIAL TO THE SUCCESS OF THE MACHINE. He evidently was, as you will note from what happened a few months later in the Scandinavian American Bank deal at Fargo.

The uses to which the Socialists placed Mr. Waters were many. The records show that they used him in the various newspaper deals, in the H. T. Haggerty Company Inc., of Minneapolis, in the U. S. Sisal Trust, but no where during Mr. Waters' term of office did he render more valuable service to his masters, Town-

ley and Lemke, or to Governor Frazier who at the Socialists' request appointed him, than he did in the Scandinavian American Bank deal—truly Townley knew to whom to telephone for aid when on the night of the 22nd of February, he commanded Waters to hurriedly leave Bismarek and come for a midnight conference with Lemke, Hastings, Miller and himself at Fargo.

### **THE INSOLVENT SCANDINAVIAN AMERICAN BANK**

Between the Valley City Bank deal and the Scandinavian American Bank deal seven months elapsed. In February, Townley in the North Dakota Leader, stated that the League was not mixed up with any banks and had nothing to do with their organization.

This statement came out over his signature.

### **SCHEMES FOR WORKING THE FARMER**

For sometime after the Valley City Bank deal, Hastings and Box were still mixed up with the Sisal Trust, the Scandinavian American Bank and other projects like the League Exchange, the Publishers National Service Bureau, etc., which Townley wrongfully calls "farmers' interests." These are not farmers' interests at all.

The Consumers United Stores Company for example is a corporation which up to lately at least had only \$10,000 capital. Little stock had been issued and that had been issued only to the tools of Townley, scarcely one of whom is a farmer. The Publishers National Service Bureau is handled the same way. The League Exchange is the same kind of an outfit, with F. B. Wood, Vice President of the League, at its head. The Sisal Trust is headed by J. R. Waters, the Bank Examiner appointed by Frazier. Hagerty Company, Inc. of Minneapolis, is an outfit in which Box, Hastings and Waters are supposed to be interested. Not one of

these concerns is a farmer concern. They are in the hands of a few men, most of them unscrupulous with only one object in life and that is "milking the farmers".

### HOW THE GANG WORKED

The League Exchange mentioned above, of which Mr. Wood is president, had 57 shares of stock, in the Scandinavian American Bank. In violation of all banking principles, the very stock they purchased was used as security in payment for the stock, which is exactly THE SAME THING AS IF JONES BOUGHT A COW FROM BROWN AND THEN, AS SECURITY TO BROWN, LEFT THE COW IN BROWN'S POSSESSION TO FEED, WITH JONES MILKING IT.

### SCANDINAVIAN AMERICAN BANK VIOLATED LAW

For a year and a half in violation of the State Banking Laws, the Scandinavian American Bank had been engaged in wild-catting, kiting accounts, in making excess loans. Under the State law this bank could not loan more than \$9,000 to any concern, person or corporation. Yet in violation of this law, they made the following loans:

Consumers United Stores Company.....	\$170,000.00
National Nonpartisan League .....	148,824.26
League Exchange .....	66,182.00
Publishers' Nat. Service Bureau.....	47,950.00
H. G. Hagerty .....	47,088.00
H. E. Knaack .....	23,000.00
A. M. Grosvenor (Thomas Allen Box line)	29,426.33
Porter Kimball .....	15,066.57
United States Sisal Trust .....	12,000.00
O. K. Hanson (Director of S. A. Bank ....	16,847.89
P. R. Sherman (Cashier of S. A. Bank) ..	12,998.50
H. J. Hagen (President of S. A. Bank)	10,060.97

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\$599,444.52

### HOW TOWNLEY BORROWED MONEY

The Scandinavian American Bank has a capital of \$50,000.00 and a surplus of \$10,000.00, making \$60,000.00. Yet they loaned Townley and his associates nearly a half million dollars. Townley and his followers got a bunch of boys, non-residents, employees and clerks and attempted illegally to circumvent the law. The correspondence which I have shows that THESE SIGNERS WERE "DUMMIES" AND THAT TOWNLEY AND HIS ASSOCIATES GOT THE MONEY.

### WATERS HELPED BANK TO BREAK THE LAW

Two years ago a bank deposit guarantee law was modeled after that of South Dakota and passed for the protection of every man, woman and child in the state of North Dakota. The law was passed by the Non-partisan House and a so-called "old Gang" Senate. The law says that when money is deposited it must be there when it is wanted by the depositor. When it is not there, the other banks in the State shall pay an assessment and make good the loss. This means that ultimately the people pay the loss in higher interest rates. Three men were appointed by Governor Frazier on the commission known as the "Guaranty Fund Commission". Then Frazier could not hand pick his appointees as he can now because at that time he had to choose the three men out of a list of nine submitted by the North Dakota Bankers Association. The Commission is appointed to protect every farmer, school teacher, boot black or beggar in the State. The secretary of the Commission, by law, is the State Bank Examiner, who was J. R. Waters, appointed by Frazier. When the Commission came to examine the banks around the state for admission under the new guarantee law, Waters worked with them.

### PLANNED LAWLESSNESS

Some little time ago letters came into my possess-



ion showing that J. R. Waters had deliberately told the Scandinavian American Bank of Fargo, through one of his deputies or clerks, Roy M. Halliday, how to "put it over" The Guaranty Fund Commission, how to get "bad paper" past them. For example, one of these letters which came into my possession and reveals the Examining Department's protective work is as follows:

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**OFFICE OF STATE EXAMINER  
STATE OF NORTH DAKOTA**

Bismarck, N. D.  
June 10, 1918

Mr. J. J. Hastings, Vice President.  
Scandinavian American Bank,  
Fargo, N. D.

Dear Mr Hastings:—

Mr. Waters submitted to an operation at the hospital here today. While the operation is not serious yet he is not very well and will be laid up for a while. This is the reason that you and Mr. Semingson were not able to get him over the phone.

He has asked me to write you regarding the extra help you have at your bank just now making an examination. He has been sick since last Thursday, or he would have headed the thing off. Being that Mr. Schroegge, Mr. Semingson, and Mr. Halldorson are there now to make an examination on behalf of the commission, he does not care to create any animosity and antagonism over this matter at this time, and get as good a report for them as possible, so that they won't have anything to hand the opposition parties over league finances and business methods, or criticize the amount of paper carried there. It appears quite evident that this is a political play for thunder. You see the opposition parties are a little short on real sensaional thunder, and they are trying to scare up something for the last act, and I don't suppose the other banks in Fargo are just what you would term "crazy about you." Mr Waters wishes me to advise that if the examiners object to any of the paper carried there, you are to tell them that it will be removed at once. **The plan for taking care of objectionable matter is to shoot it out to the other league banks—Grand Forks, Hillsboro, Buxton, Hatton—these banks are practically all new banks, and have been passed by the commission which will leave them in a position to do this. They would not have anything that the Commission would object to just now. Anything that you sent them could be taken back later if necessary. Of course, we don't want to move any more than is absolutely necessary, to get by with a clean report. Mr. Waters is satisfied that with this information, you**

and Mr. Semingson will be able to handle this matter satisfactorily to all.

If anything further develops, kindly write me.

Very truly yours,

Roy M. Halliday

The next day Halliday wrote again.

OFFICE OF STATE EXAMINER  
STATE OF NORTH DAKOTA

Bismarck

June 11, 1918

J. E. Waters, State Examiner.

E. A. Thorberg, Deputy State Examiner.

Mr. J. J. Hastings, Vice Pres.

Scandinavian American Bank

Fargo, N. D.

Dear Mr. Hastings:—

In regard to the position and condition of the other League banks to take over any excess paper which you might have on account of the Guaranty Fund Commission, will say that all the banks except Grand Forks were passed and this bank is to be examined before the First of July so it would not do to send them anything. Their remarks on Buxton were that they had too much outside paper. Hatton and Hillsboro were very new and were just passed. Lisbon was passed as being fair.

Kindly guide yourself accordingly if you have to send anything.

Mr. Waters is better today.

Yours very truly.

(Signed) Roy M. Halliday

**FRAZIER BACKS WATERS**

After making further investigation I was convinced that Governor Frazier would go through with Waters. Frazier knew that Waters was not a fit man to be the Manager of the Bank of North Dakota when he voted to appoint him. But Townley wanted Waters and he got the job at \$5,000 per year.

Waters had never run a bank a day in his life. Before he came to Beach where he became a personal friend of Townley's he had run a livery stable in Iowa, and at Beach he ran a real estate office and had a race horse.

The Scandinavian American Bank being "tipped off" when an examination was to take place, it became exceedingly difficult for me to find out what law viola-

tions were taking place there. The Cashier of the Bank was a man by the name of P. R. Sherman, who was placed in charge of the Scandinavian American Bank after being badly involved in a bank at Duluth.

I finally decided to send my assistant, Albert E. Sheets, Jr., down to Fargo and have P. E. Halldorson, deputy bank examiner, join him with any other examiners that they would be able to get and make a through investigation quietly and unostentatiously of the Scandinavian American Bank.

On Saturday, October 4th, my assistant commenced his investigation with Deputy Bank Examiner Halldorson. Mr. Halldorson had made an investigation in the month of September, and was thoroughly familiar with the situation in the Bank. In April 1918, an investigation had been made and loan after loan was ordered out. In June 1918, the president of the bank wrote the Guaranty Fund Commission that the paper would be taken out. **THE BANK HAD BEEN WARNED TIME AND TIME AGAIN**—in fact, when it was again examined, after Semingson had gotten the bank past Schroegge and Halldorson, they were warned that their reserve was gone, that they had excess loan after excess loan and **THAT THEY WERE WORSE THAN BROKE**. Waters himself when ordered by the Guaranty Fund Commission told him as follows: **"YOU HAVE THOUSANDS LESS THAN NO LEGAL RESERVE AT ALL."**

### **TOWNLEY PROMISES PUBLIC FUNDS**

P. R. Sherman, cashier of the bank, realized that they were broke, and in May 1919, wrote to Townley, calling upon him to make good his promise of a half million dollars of state funds in order to save the bank from **"embarrassment and disgrace."** Here is a copy of this letter.

May 26th. 1919

Mr. A. C. Townley,  
City.

Dear Mr. Townley:

Agreeable with your request, to inform you when we were in need of funds, I desire to state, we shall be called upon to pay out in the next thirty days about \$100,000. The money which we obtained from Duluth and Minneapolis, has been used up, and there has been a rapid decrease in the country bank balances. We are running from day to day with very close reserve and anticipate further withdrawal, which will necessitate funds to the extent of probably \$200,000 to \$250,000 between now and harvest.

Mr. Hagan tells me you were to get us \$500,000 in addition to the State Deposit which we received, and urge that you give this your immediate attention and assist us promptly.

We are getting in funds from different sources daily, but some are delayed so there are no large amounts coming to us at this season. Our only source of credit is the Bank of Commerce & Savings, Duluth and Mercantile State Bank, Minneapolis, both being small and limited in capacity to accommodate. We cannot expect a dollar of help from larger banks and we cannot tell from day to day when our Reserve will be wiped out.

The fact that we have assisted the League and the Consumers United Stores Company to an amount of \$200,000 naturally depletes our available that much. While we are glad to be of assistance the time has arrived when we must have assistance if we shall get through the summer without difficulty.

Awaiting your early consideration in this matter, and trusting that you will give this your earnest attention, we beg to remain,

Very truly yours,

(Signed) P. R. Sherman,

Cashier

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Any newspaper that states that the Banking Board took this action out of a clear sky without warning, is deliberately lying to the farmers of North Dakota. Mr. Hall and I, as majority members of the State Banking Board, when we realized the true condition, after it had been withheld from us by Waters, Townley, Halliday and Semingson, would have been guilty of assisting in accepting deposits when the bank was insolvent and would have violated our oaths of office, and would have been as bad as the crooks who deliberately violated every principal of banking, if we had failed to close up the Bank. Indeed if we hadn't

closed it, but instead had conspired to keep it open **we could have been sent to the penitentiary. Pretty lucky for me that Townley and Lemke have "nothing on me."**

Conditions were much worse than I had expected to find them. The furniture for instance, which was shown on their books as worth \$20,000.00 could have been bought new for \$6,360.00, as shown by the affidavit of Architect O'Shea of Fargo.

### **FRAZIER'S EXAMINERS CONDEMN BANK**

The Bank Examiners made two reports, one of them that the Bank was insolvent and that its doors should be closed. This report was received by the Banking Board **before the doors of the bank were closed.** The other report was made three days after the doors were closed and stated again that the bank was **"HOPELESSLY INSOLVENT."**

Who, I ask, knew the real condition of the bank after this examination? Was it the lying newspapers controlled by Townley, or the Deputy Bank Examiners **who under their oaths of office made the report.** The Deputy Bank Examiners found, for instance, that thousands of dollars worth of collateral had disappeared and was not in the bank at all.

### **WHAT WE FOUND**

Further investigation made by the majority members of the Banking Board shows the following facts about the Scandinavian American Bank:

1 That as early as June 1, 1918, it had been refused admission to the protection of the Guaranty Fund; that the Guaranty Commission ordered an examination of the Bank, and the Commission was represented through one of its members, Mr. Schroegge. Mr. Schroegge and Mr. Halldorson made as thorough an examination as Halliday's "tip off" to the bank permitted.

2 That before the Scandinavian American Bank was admitted Waters at their order wrote them a letter

of criticism with a threat that drastic action would be taken unless the bank had the worthless notes removed the bank promised that they would remove them, but some of those very notes that they promised to remove in June 1918 were still there in October 1919.

3 Examinations of the bank were made in April and September. Each time the condition was found to be worse; for instance, a letter from Waters to Hagen, the president whom the jury shortly afterwards convicted, contains the following paragraph:

"In the matter of your legal reserve, the examiner shows that you are barely up to requirements, and in figuring the reserve, the amount due to banks is treated as a demand deposit. According to the banking laws, the reserve on hand at all times, after deducting the amount due to banks must be ten per cent of the time deposits and twenty per cent of the demand. In figuring on this basis which would be **STRICTLY ACCORDING TO LAW, YOU CAN READILY SEE THAT YOUR RESERVE WOULD BE MADE THOUSANDS OF DOLLARS LESS THAN NO RESERVE. IT IS MY OPINION THAT YOUR BANK WITH ITS PRESENT LINE OF DEPOSITS SHOULD CARRY IN RESERVE AT ALL TIMES AT LEAST \$400,000.00.**

### **WATERS SAID BANK WAS INSOLVENT**

This letter of criticism signed by Waters himself shows on its face that the Bank at that time was insolvent and constituted a terrific menace that might wipe out at any time the Guaranty Fund which is the protection given by the state to every man, woman and child who has deposited anywhere a single dime. Think it over, \$400,000.00 less than the reserve they should have—**AND WE DIDN'T SAY SO, WATERS DID. THAT LETTER TOLD THE REAL SITUATION.**

### **BANK DID NOT HAVE SECURITY**

The report of Frazier's appointees shows that more than one-half of over \$724,000 in post dated checks and notes pledged as collateral for these excess loans were not in the possession of the bank, but in the possession of the borrower who pledged them, and that the only person having any knowledge as to the accuracy of the

figures affecting these post dated checks and notes was a woman in the employ of Townley and his gang of itinerant politicians, to whom the loans were made. This woman, Mrs. Clayton, had the same access to the vaults as bank employees, and had an office both in front and in the rear of the building, and was without bond of any kind to insure the bank against dishonesty.

### **RESERVE LESS THAN NOTHING**

The fact was disclosed to the Banking Board that the legal reserve of the bank was more than \$400,000 less than nothing. That it had loaned until it was stripped clean and that the cash reserve in its vaults was more than \$70,000.00 below the amount required by law. That before the October notes of this year became due there was even at that time in the bank more than \$169,000.00 of past due loans, and that more than \$104,000.00 of these were in the hands of lawyers for collection by lawsuit.

That although the bank did not own its own banking house it was carrying furniture and fixtures at \$2,000.00 more than a bank of that size is permitted to invest in furniture and fixtures and banking house combined, and at more than \$12,000.00 of what it was actually worth as sworn to by an unbiased architect.

### **FRAZIER'S EXAMINERS SIGN THEIR NAMES**

In addition to this report presented to the Banking Board, of which the facts have given only touch the high spots, THE TWO DEPUTY BANK EXAMINERS PAID BY THE STATE TO MAKE THAT REPORT, FAIRLY AND IMPARTIALLY AND WHO POSSESSED NO INTEREST WHATSOEVER IN THE DEVELOPEMENTS WHICH MIGHT RESULT, STATED THAT THE BANK WAS HOPELESSLY INSOLVENT AND RECOMMENDED THAT ITS DOORS BE CLOSED.

### WHERE FACTS MAY BE FOUND

These are the facts and they may be found in the books of the Scandinavian American Bank, in the papers of the State Banking Department, or in the records of the Supreme Court, BUT IF THESE FACTS WERE FULLY UNDERSTOOD BY THE PEOPLE A. C. TOWNLEY, WILLIAM LEMKE, GOVERNOR FRAZIER, AND THEIR PUPPET J. R. WATERS, WOULD BE STRIPPED AS BARE OF HONESTY AND CHARACTER AS THOUGH THE SPOTLIGHT OF TRUTH AND HONOR WERE THROWN FULL INTO THE DEN OF ALABAB AND HIS FORTY THIEVES.

Of course this outfit had to do something to distract attention from themselves so they resorted to a hubub and tumult of unfounded assertions and political vilification in the Townley kept press in an attempt to draw the public attention from the true conditions—and thousands of trusting framers believed the Socialists!

No effort has here been made to present anything, but the ACTUAL FACTS FOUND IN BLACK AND WHITE IN THE RECORDS. THESE DO NOT DEPEND FOR THEIR ACCURACY UPON THE ANIMUS OF DESIGNING POLITICIANS OR THE DISHONESTY OF PREVARICATIONS BOUGHT AND PAID FOR. Yet this condition, driving home with sledge hammer blows the fact that Townley bled the Scandinavian American Bank white, IS THE ONE WHICH NOW INSPIRES THIS NON-RESIDENT SOCIALIST AND GOVERNOR FRAZIER AND THEIR KEPT PRESS TO SAVE THEMSELVES, AND FOR THEIR OWN PROTECTION LIKE WOLVES AT BAY, TO SNAP EPITHETS OF ROBBERS, THIEVES BURGLARS AND CROOKS AT MR. HALL AND MY-



SELF WHO CAUGHT THEM RED-HANDED AND CALLED FOR A SHOW DOWN.

BUT ROTTEN AS THIS DEAL IS, THE WORST IS YET TO COME.

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## CHAPTER VII

**SOCIALISTS AND THE BANK OF NORTH DAKOTA**

At the very time these men were looting the bank at Valley City, one of the arguments for getting the farmers to take stock in the new institution was that the Legislature was creating the State Bank of North Dakota. Rumors were circulated that there would be millions of dollars of state, county, township, city, village, and school money deposited in the Bank of North Dakota for which it would pay a low rate of interest to the municipalities, and that consequently, the Bank of North Dakota would be able to favor banks friendly to the Socialist leaders, by carrying large deposits of state money in those banks.

Everybody knows that in each locality the banks have fought to obtain the deposit of the school district, township and county funds. In some counties, the county commissioners were getting as high as seven per cent from this county money. The banks were anxious to carry the county or school district sinking fund because that money was in the bank for a definite period of time and could be used as a reserve, and thereby the bank was enabled to loan to its customers much more than they otherwise would have been able to do. Money deposited in the bank which is not there for a definite period of time has very little reserve value.

The original farmers' program declared for rural credit banks operated at cost. The progressive thinking men and 87,000 of them voted for Frazier in the general election against 20,000 for his opponent, McArthur—believed that the rural credit banks would be operated the same way as farm loans are made in

South Dakota, and as they have been made in North Dakota for a long while by the Board of University and School Lands—that millions of dollars would be loaned out to the farmers at a low rate of interest, bonds of the state being sold to get these funds, and that the farmers would be charged just enough interest to enable the state to come out even on the proposition without it costing the taxpayers anything. In addition to that it was thought that we would devise a way to issue bonds against the mortgages and bonds now held by the Board of University and School Lands, which in turn could be loaned out.

In other words, we figured it this way:

- 1 That if the Board of University and School Lands had nine million dollars worth of mortgages and bonds drawing approximately 5 per cent interest.

- 2 That against these the State of North Dakota could issue five per cent bonds.

- 3 That the bonds so issued could be sold,

- 4 That the money derived could be loaned out to other farmers, in exchange for first farm mortgages,

- 5 That against these mortgages would be issued more bonds, and we felt that before long the State of North Dakota through selling its bonds would have enough money on hand so that every man, woman and child who wished to get a loan on their land at a low rate of interest would be able to secure one, without it costing the taxpayers a single penny.

Time after time we described this procedure in our speeches.

Much has been said by the newspapers about the Bank of North Dakota. Clippings have been sent me from newspapers published in nearly all the western states. These clippings uniformly tell:

- 1 The low rate of interest at which the farmers of

North Dakota are able to secure money from the Bank of North Dakota.

2 How the Bank of North Dakota had the greatest growth of any bank in the United States having in a short time had a thirty-five million dollar footing.

3. Nothing is said about the compulsory deposit of public funds.

The truth of the matter is that the vast majority of these articles are palpably false. I saw one written by W. W. Liggett, the man who Townley himself testified under oath is a Socialist and who is now on the state payroll, with headquarters in Washington, D. C. He made some of the assertions above quoted.

Naturally, he defended the bank! Why shouldn't he? If the department he is working for ran short of funds and exceed the appropriation, then under the laws of North Dakota the Industrial Commission, which consists of the governor, commissioner of Agriculture and labor, and the attorney general, but which really is the Governor, can transfer the tax payers money to Liggett's department, and Liggett thus has more money to spend. The truth of the matter is that the Bank of North Dakota **UNLESS IT IS HONESTLY ADMINISTERED** is one of the most dangerous propositions ever foisted upon a trusting community.

First of all, I will quote the act:

**BANK OF NORTH DAKOTA**

HOUSE BILL NO. 18.

(Committee on State Affairs.)

The Bank of North Dakota.

An Act Declaring the purpose of the State of North Dakota to engage in the banking business and establishing a system of banking under the name of the Bank of North Dakota, operated by the State, and defining the scope and manner of its operation and the powers and duties of the persons charged with its management; making an appropriation therefor; and providing penalties for the violations of certain provisions thereof.

Be it Enacted by the Legislative Assembly of the State of North Dakota:

Section 1. For the purpose of encouraging and promoting

agriculture, commerce and industry, the State of North Dakota shall engage in the business of banking, and for that purpose shall, and does hereby, establish a system of banking owned, controlled and operated by it, under the name of the Bank of North Dakota.

Section 2. The Industrial Commission shall operate, manage and control the Bank of North Dakota, locate and maintain its places of business, of which the principal place shall be within the state, and make and enforce orders, rules, regulations and by-laws for the transaction of its business. The business of the Bank, in addition to other matters herein specified, may include anything that any bank may lawfully do, except as herein restricted; but this provision shall not be held in any way to limit or qualify either the powers of the Industrial Commission herein granted, or the functions of said Bank herein defined. The Industrial Commission shall meet within twenty days after the passage and approval of this Act to begin the organization of the Bank.

Section 3. To accomplish the purposes of this Act, the Industrial Commission shall acquire by purchase, lease or by exercise of the right of eminent domain, as provided by Chapter 36 of the Code of Civil Procedure, Compiled Laws of 1913, all requisite property and property rights, and may construct, remodel, and repair buildings; but it shall not invest more than ten per cent of the capital of the bank in furniture, fixtures, lands and buildings for office purposes.

Section 4. The Industrial Commission shall obtain such assistance as in its judgment may be necessary for the establishment, maintenance and operation of the Bank. To that end it shall appoint a manager, and may appoint such subordinate officers and employees as it may judge expedient. It may constitute such Manager its general agent, in respect to the functions of said Bank, but subject, nevertheless, in such agency, to the supervision, limitation and control of the commission. It shall employ such contractors, architects, builders, attorneys, cashiers, tellers, clerks, accountants, and other experts, agents and servants as in the judgment of the Commission the interests of the state may require, and shall define the duties, designate the titles, and fix the compensation and bonds of all such persons so engaged; provided, however, that subject to the control and regulation of the Commission, the Manager of the Bank shall appoint and employ such deputies, cashiers, tellers, and other subordinates, and such contractors, architects, builders, attorneys, clerks, accountants and other experts, agents and servants, as he shall, in his judgment, deem are required by the interests of the Bank. The total compensation of such appointees and employees, together with other expenditures for the operation and maintenance of the Bank, shall remain within the approbation and earnings lawfully available in each year for such purpose. All officers and employees of the Bank engaged upon its financial functions shall, before entering upon their duties, respectively furnish good and sufficient bonds to the

state in such amount and upon such conditions as the commission may require and approve; but the bond of the Manager shall not be less than fifty thousand dollars. Such bond shall be filed with the Secretary of State.

Section 5. The Industrial Commission may remove and discharge any and all persons appointed in the exercise of the powers granted by this Act, whether by the Commission or by the Manager of the Bank, and any such removal may be made whenever in the judgment of the Commission the public interests require it; provided, however, that all appointments and removals contemplated by this Act shall be so made as the Commission shall deem most fit to promote the efficiency of the public service.

Section 6. The Bank shall be opened and shall proceed to transact business whenever there shall be delivered to the Industrial Commission bonds in the sum of two million dollars issued by the state as may be provided by law for such purpose. The fund procured by the negotiation and sale of such bonds is hereby designated and shall be known as the capital of said Bank.

Section 7. All state, county, township, municipal and school district funds, and funds of all penal, educational and industrial institutions and all other funds shall be, by the person having control of such funds, deposited in the Bank of North Dakota within three months from the passage and approval of this Act, subject to disbursement for public purposes on checks drawn by the proper officials in the manner now or hereafter to be provided by law; provided, however, that on a proper showing made by any official having control of public funds, the Industrial Commission may permit a postponement of the deposit of such funds or any part thereof in the Bank of North Dakota, the period of such postponement not to exceed six months. And provided, further that if any such funds are now loaned by authority of law under a contract terminating at a future time, then the deposit of such funds in the Bank of North Dakota shall not be required until two months after the time of expiration of such contract. Any person who shall violate any of the provisions of this section shall be guilty of a misdemeanor and upon conviction thereof shall be punished by imprisonment in a county jail for not less than ninety days, and by a fine of not less than one hundred dollars.

Section 8. Whenever any of the public funds hereinbefore designated shall be deposited in the Bank of North Dakota, as hereinbefore provided the official having control thereof, and the sureties on the bond of every such official, shall be exempt from all liability by reason of loss of any such deposited funds while so deposited.

Section 9. The Bank of North Dakota may receive deposits from any source, including the United States Government and any foreign or domestic individual, corporation, association, municipal, bank or government. Funds may be deposited to the credit of the Bank of North Dakota in any bank or agency approved by the Industrial Commission.

Section 10. All deposits in the Bank of North Dakota are hereby guaranteed by the state. Such deposits shall be exempt from state, county, and municipal taxes of any and all kinds.

Section 11. Funds deposited by State Banks in the Bank of North Dakota shall be deemed "available funds" within the meaning of that term as used in Section 5170 of the Compiled Laws of 1913. For banks that make the Bank of North Dakota a reserve depository, it may perform the functions and render the services of a clearing house, including all facilities for providing domestic and foreign exchange, and may re-discount paper, on such terms as the Industrial Commission shall provide.

Section 12. The Industrial Commission, unless otherwise limited by law, shall from time to time fix the rates of interest allowed and received in transactions of the Bank. Such rates shall be as nearly uniform and constant as practicable, and shall not be fixed or changed to work any discrimination against or in favor of any person or corporation. But in respect to time deposits received by the Bank, transaction may be reasonably classified as to the amounts and the duration of time involved, and a reasonable differentiation of interest rates based on such classification may be allowed. When interest is allowed on any deposits it shall not be less than one or more than six percent. The Industrial Commission shall also fix reasonable charges, without unjust discrimination, for any and all services rendered by the Bank.

Section 13. All checks and other instruments and items of exchange payable on demand, sent by the Bank of North Dakota to any State Bank or banking association in North Dakota, for collection, shall be such State bank or banking association remitted for at par to the Bank of North Dakota. Any person or corporation who shall violate any of the provisions of this section shall be guilty of a misdemeanor.

Section 14. The Bank of North Dakota may deposit funds in any bank or banking association within or without the state upon such terms and conditions as the Industrial Commission shall determine.

Section 15. The Bank of North Dakota may transfer funds to other departments, institutions, utilities, industries, enterprises or business projects of the state, which shall be returned with interest to the Bank. It may make loans to counties, cities or political subdivisions of the state, or to state or national banks, on such terms, and under such rules and regulations, as the Industrial Commission may determine; but it shall not make loans or give its credit to any individual, association or private corporation, except that it may make loans to any individual, association or private corporation, secured by duly recorded first mortgage on real estate in the State of North Dakota in amounts not to exceed one half the value of the security, or secured by warehouse receipts issued by the Industrial Commission or by any licensed warehouse within the state, in amounts not to exceed ninety per cent of the value of the commodities evi-

denced thereby. It shall not, however, loan on real estate security more than thirty per cent of its capital, nor in addition thereto, more than twenty per cent of its deposits. Additional funds, that may be required for such real estate loans, shall be procured from the sale of state bonds as may be provided by law.

Section 16. The Industrial Commission shall prescribe the forms of application for a mortgage loan on real estate, and shall provide for appraisal of the proposed security. Until otherwise provided by the Commission when an application for a mortgage loan on real estate is made, it shall be referred to the Commission of University and School Lands, for appraisal of the proposed security. The Commissioner of University and School Loans, shall thereupon promptly cause it to be appraised in the same maner as school lands are appraised, and upon completion of such appraisal shall return the application, together with the appraisal, to the Bank. Thereupon the Bank shall promptly determine whether to grant or refuse any part or all of such loan.

Section 17. Every such mortgage shall contain an agreement providing for the re-payment of the loan on an amortization plan by means of a fixed number of annual installments sufficient to cover, first, a charge on the loan, at a rate not exceeding the interest rate in the last series of real estate loan bonds issued, if any, by the State of North Dakota; second, a charge for administration and surplus, at a rate not exceeding one per cent per annum on the unpaid principal, said two rates combined constituting the interest rate on the mortgage; and, third, such amounts to be applied on the principal as will extinguish the debt in not less than ten nor more than thirty years; provided, however, that advanced payment of one or more annual installments, for the reduction of the principle, or the payment of the entire principal, may be made at any regular installment date; and, provided further, that in case of a crop failure which reduces the mortgagor's reasonable crop income by one-half, all payments under said mortgage may, in the discretion of the Industrial Commission, be extended for one year, upon condition that on the payment of all installments, such further payment shall be made as will pay the interest, with interest thereon, for the years for which no payments were made. The Industrial Commission shall determine whether a mortgagor is entitled to an extension of the payment of any installment under the provision of this section.

Section 18. Every such mortgage, and the note or other obligation thereby secured, shall run to "The Manager of the Bank of North Dakota, his successors in office or his assigns," as payee and mortgagee, and shall contain a recital that it is executed and delivered in conformity with and upon the conditions expressed in this Act, designed by its title and the date of its approval. After having been duly recorded in each county in which the lands therein described are situated, every such mortgage shall be delivered to the Mana-



ger of said bank and together with said note or other obligation shall be held by the Manager as a part of the assets of the bank, or shall be otherwise disposed of, as hereafter provided. If so held, payments upon the note or other obligation secured by said mortgage shall be made to the Bank of North Dakota, and whenever it shall have been fully paid, the Manager shall promptly satisfy and discharge the mortgage lien of record and deliver the mortgage cancelled, with a satisfaction thereof, to the person entitled to receive it.

Section 19. Every such mortgage, together with the note or other obligation thereby secured, may be sold and assigned upon the payment to the bank of the full value thereof, and upon such sale and assignment, the Manager may endorse either with or without recourse. In that case payments upon said note or other obligation shall be made to the person entitled to receive them; but each such assignment shall be made subject to the provisions concerning extension of the time of payments on account of crop failures as provided in Section 17 of this Act, and subsequent action of the Industrial Commission in that regard shall be binding upon the assignee of such mortgage; provided, however, that after assignment of such mortgage extensions of payments for a yearly period shall be limited in total number to not more than one for every period of five years or fraction thereof during which such mortgage has to run after the date of assignment.

Section 20. Every such mortgage, together with the note or other obligation thereby secured, may be assigned, and upon order of the Industrial Commission shall be assigned, to the State Treasurer of the State of North Dakota as security for bonds to be issued by the state as provided by law. In case of such assignment all payments due upon said note or other obligation shall be made to the State Treasurer, and the money so by him received shall be by him held or disbursed as may be provided by law. If while any such mortgage so assigned to the State Treasurer is in his hands, the note or obligation thereby secured shall have been fully paid, the State Treasurer shall so certify to the Manager of the bank, who shall thereupon proceed to satisfy said mortgage in the same manner as though said note or other obligation had been paid directly to the bank. In case of such assignment to the State Treasurer of any such mortgage, the provisions contained in Section 19 of this act, respecting extensions on account of crop failure, shall be effective and shall be applied.

Section 21. All business of the bank may be conducted under the name of "The Bank of North Dakota." Title to property pertaining to the operation of the bank shall be obtained and converted in the name of "The State of North Dakota, doing business as the Bank of North Dakota." Written instruments shall be executed in the name of the State of North Dakota, signed by any two members of the Industrial Commission, of whom the Governor shall be one, or by the Manager of the Bank of North Dakota within the scope

of his authority so to do as defined by the Industrial Commission.

Section 22. Civil actions may be brought against the State of North Dakota on account of causes of action claimed to have arisen out of transactions connected with the operation of the Bank of North Dakota, upon condition that the provisions of this section are complied with. In such actions the state shall be designated as "The State of North Dakota, doing business as the Bank of North Dakota," and the service of the process therein shall be made upon the Manager of said bank. Such actions may be brought in the same manner and shall be subject to the same provisions of law as other civil actions brought pursuant to the provisions of the Code of Civil Procedure. Such actions shall be brought, however in the county where the Bank of North Dakota shall have its principal place of business, except as provided in Sections 7415, 7416 and 7418, Compiled Laws of North Dakota, 1918. The provisions of Section 375 and 657 of the Compiled Laws of 1913 shall not apply to claims against the state, affected by the provisions of this section.

Section 23. The State Examiner shall personally or through deputy examiners visit the Bank of North Dakota at least twice annually, and shall inspect and verify the assets in its possession and under its control, with sufficient thoroughness of investigation to ascertain with reasonable certainty whether the valuations are correctly carried on its books. He shall investigate its methods of operation and accounting. He shall report the results of each such examination and investigation to the Industrial Commission as soon as practicable, and to the Legislative Assembly at its next ensuing session, and, as provided in paragraph numbered 5, of Section 5146 of the Civil Code, Compiled Laws 1913, to the State Banking Board.

Section 24. There is hereby appropriated out of the general funds of the State, not otherwise appropriated, one hundred thousand dollars, or so much thereof as may be necessary, to carry out the provisions of this act. This appropriation is hereby made available immediately upon the passage and approval of this act. The Industrial Commission shall, out of the earnings of the bank make provision for accumulating a fund with which to replace in the general funds of the state, the amount received by the commission under this appropriation, as may be directed by the Legislative Assembly.

Section 25. All acts and parts of acts inconsistent with this act are hereby repealed.

Section 26. This act is hereby declared to be an emergency measure and shall take effect and be in force from and after its passage and approval.

Approved February 25, 1919.

As a member of the Industrial Commission, I was one of the three men called upon to open this bank. Section 6 provided that it should be opened whenever there was delivered to the Industrial Commission (which is the governor) the sum of two million dollars, and under Section 4 there had been \$100,000 appropriated to get the bank started. Even while the bill was being referred, two members of this Commission—the Governor and Commissioner of Agriculture and Labor—leased a big brick building, and engaged help in order to have the bank started.

J. R. Waters, whom Governor Frazier and the Commissioner of Agriculture and Labor, Mr. Hagen, appointed to manage the Bank, HAD NEVER RUN A BANK IN HIS LIFE. BEFORE COMING TO NORTH DAKOTA FROM IOWA HE RAN A LIVERY STABLE. In North Dakota, the Governor appointed him bank examiner at the request of the “gang.” Waters knew no more about the banking business than a ten year old child reared in New York City would know about raising oranges in California.

It is a sample of Socialist efficiency.

Some of the two million dollars' worth of bonds provided for in Section 6, were sold to a few local banks in North Dakota, who are anticipating deposits in their banks but this method got to be kind of slow, so the Bank of North Dakota bought the bonds from the state itself. In other words, the State of North Dakota sold to itself, operating as the Bank of North Dakota, two million dollars worth of bonds. The right hand handing the left hand the bonds and the left hand handing the right hand promises to pay. After this marvelous financial transaction, the Bank of North Dakota had two million dollars worth of bonds—and afterwards being unable to get some “trusting con-

cern" to buy them, they put bonds up as collateral and borrowed money at seven percent.

Next Section 7 came into play. Every treasurer of every county, township, school district, city, village and the State Treasurer has his choice—these treasurers could either put the public funds belonging to the tax payers into the Bank of North Dakota controlled by the Socialists—OR GO TO JAIL, NATURALLY NONE OF THE TREASURERS WANTED TO GO TO JAIL, THEY PREFERRED RATHER TO SEND THE FUNDS TO THE BANK OF NORTH DAKOTA AND TAKE CHANCES ON BEING ABLE SOME DAY TO GET THOSE FUNDS BACK. Nineteen million dollars of the taxpayers' money was turned over to the Socialists to control. They could do with this money what they wished. The Bank of North Dakota, controlled by the Socialists, through its Manager, J. R. Waters, who was appointed by the Governor and Commissioner of Agriculture and Labor, at the request of the Socialists, could only be examined by the bank examiner, O. E. Lofthus, who is a Socialist and who ran for Treasurer of North Dakota on the Socialist ticket—THE SOCIALISTS, NOT THE FARMERS OF NORTH DAKOTA ARE IN CONTROL.

Next Section 15 came into use. It says that the Bank of North Dakota may transfer funds to other departments, institutions, utilities, industrial enterprises, or public projects of the State. Naturally, with this inducement of easy money, with no budget committee to hamper, many departments soon exceeded the appropriations allowed them by the Legislature and wanted money, and just as naturally, the Industrial Commission (which is the Governor) saw to it that the tax payers, MONEY WAS TURNED OVER TO THE FAVORED DEPARTMENTS.

In other words under this law, if the mill at Drake

loses \$7,000 in twenty-six days, as the State Auditor claims his investigation showed, there is nothing to prevent the Industrial Commission, from taking \$7,000 deposited by the cities, towns, villages, counties, townships, school districts or the State and turning the same over to the Drake mill, to be handled by Mr. J. A. McGovern, Manager of the Mill and Elevator Association, a man who could not even successfully operate a farmers elevator down at Madison, South Dakota—an ELEVATOR WHICH WAS UNSUCCESSFUL UNDER HIS MANAGEMENT—MORE SOCIALIST EFFICIENCY.

Likewise there is nothing to prevent this kind of an arrangement—friendly Socialists can buy lots in the city of Fargo for \$5000, a little bit later they can have the Industrial Commission, say that they need a warehouse in the City of Fargo, they can then sell those lots for any price which the Industrial Commission, and they may agree upon. THE ENTIRE TRANSACTION IS SECRET, aside from the employees as the only man who can examine it is the Socialist Bank Examiner. WHO OWES HIS APPOINTMENT TO THE GOVERNOR AND CAN BE REMOVED BY HIM. WHAT CAN BE DONE AT FARGO CAN BE DONE IN EVERY OTHER TOWN IN THE STATE.

Through the Bank of North Dakota, these Socialists can loot the state of millions of dollars, and can do it all while the farmers of North Dakota are dreaming along in "blissful ignorance," and with William Lemke, as attorney general, if his actions in the Scandinavian American Bank case, WHERE HE DEFENDED THE CROOKED PRESIDENT, ARE ANY CRITERION, THE LOOTER WILL BE SAFE.

I ask, is this not the chief reason that the Socialists are running William Lemke for attorney general of this State?

The entire management of the Bank of North Dakota is political. When the deposits first came in, the word was sent forth that the money would be re-deposited in the communities it came from, but it was only a short time before it was found that if a bank was unfriendly to the Socialist leaders, IT WAS UN-FRIENDLY AT ITS PERIL. One bank manager had approximately \$70,000 of state money on hand deposited by the Bank of North Dakota, the socialists becoming unfriendly to this individual, the Bank of North Dakota withdrew without any warning approximately \$70,000, a sum which could have ruined all three of the banks and forced them into the hands of the receiver. Every one of these banks was a farmer bank, having dozens and dozens of farmer stockholders, and was in no sense a big business bank. The banks were saved only because a few days before in a conversation with the president, I had warned him of the probabilities of this very thing happening and he had gone and made arrangements to borrow \$100,000.00.

The Socialist leaders today, through manipulation of millions of dollars of the taxpayers' money, can make or break any bank in the State of North Dakota. THE SOCIALIST LEADERS BY THE MANIPULATION OF THESE MILLIONS OF DOLLARS, THROUGH THE USE OF IT, CAN CREATE AN ENORMOUS AMOUNT OF POLITICAL PRESTIGE AND A GREAT POLITICAL MACHINE WHICH THEY CAN USE AGAINST THE VERY FARMERS WHO VOTED TO PUT THE TOOLS OF THESE SOCIALISTS INTO OFFICE.

Section 16 of the Bank act provided that the land might be appraised through men appointed by the Industrial Commission, which is the Governor, or the Socialist leaders. The men who had appraised the land

for the Board of University and School Lands for the last thirty years, have appraised it so well that the State had not sustained a single penny of loss—BUT THESE WERE NOT GOOD ENOUGH FOR THE INDUSTRIAL COMMISSION WHICH HAD INTRUSTED TO IT TEN MILLION DOLLARS and the leading appraiser has been Seaman A. Smith, elected on the Socialist ticket as sheriff of Golden Valley County, who has been on the state payroll a good share of the time since the Socialists got into power.

Under Section 16, the Industrial Commission can if they wish APPOINT EVERY SOCIALIST IN NORTH DAKOTA TO BE A LAND APPRAISER, and can fix their compensation.

There are NO SAFEGUARDS in the law to PROTECT THE TAX PAYERS against THIS HORDE OF EMPLOYEES. And in as much as the Bank of North Dakota is an institution of this State, if they have not enough money to pay these appraisers, they can under Section 15 transfer funds to a real estate department which they may create to facilitate the making of loans to pay these men—this WHOLE THING IS ROTTEN TO THE CORE.

Interest rates are six percent on a first mortgage loan to the farmer—for thirty years the state has been loaning its money through the Board of University and School Lands at five percent to the farmers, and if this bank with its enormous overhead expense had not been created, but if instead of this conglomeration of a horde of hired help at fancy salaries, the South Dakota idea had been followed, the farmers could have got money at five percent instead of six.

Every time a bad loan is made by the bank, it simply means an additional expense must be borne by the taxpayers, every deficiency must be met by the taxpayers. The Socialists when they advocated this bank

told the people how the MONEY SHOULD BE KEPT IN NORTH DAKOTA, instead of being deposited in Wall Street concerns at two percent interest, whereas the farmers had to pay ten percent.

IF THE STATEMENTS OF THE FORMER MANAGER OF THE BANK ARE TRUE—THEN IN APRIL 1920 THE BANK OF NORTH DAKOTA HAD OVER NINE MILLION DOLLARS DEPOSITED IN THE TWIN CITIES, CHICAGO AND NEW YORK AND OTHER PLACES OUTSIDE OF THE STATE. In other words, in April at the very time the farmers needed the money the most over nine millions of dollars were deposited outside of North Dakota at two percent interest, and at this very time the farmers were paying eight and ten percent to the bankers and Cathro under oath, only a few days ago admitted reluctantly THAT HE HAD FOUR MILLION DOLLARS IN ONE MINNEAPOLIS BANK AT THAT TIME THUS VERIFYING MR. BRINTON'S ACCUSATIONS.

Here is where the money was deposited by Cathro according to Mr. Brinton.

First National Bank, Minneapolis .....	\$3,846,991.15
Midland National Bank, Minneapolis .....	447,006.75
Mercantile State Bank, Minneapolis .....	61,458.26
First National Bank, St. Paul .....	3,578,258.54
First National Bank, Duluth .....	310,212.71
City National of New York, N. Y. ....	226,697.27
Merchants Loan and Trust Co. Chicago....	606,054.60

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Two percent money deposited

outside the state.....\$9,116,676.28

The Bank of North Dakota or course makes profits why shouldn't it—for much money which the different counties and municipalities used to receive five percent interest for an even more they are now getting from



to four percent. This is what the Socialists call "profit"—it is not profit at all! It is taking the money which the county formerly had away from the county and giving it to the Bank of North Dakota, where they are getting from two to four percent. On millions of dollars, this item of interest is enormous.

And, of course, IT WAS NOT LONG BEFORE THE SOCIALIST LEADERS ATTEMPTED TO USE THE BANK OF NORTH DAKOTA TO FURTHER THEIR OWN INTERESTS. Section 15 says that the bank shall not make loans or give its credit to any individual, association or private corporation. In other words, no money was to be loaned except on first farm mortgages and warehouse receipts. How did the Socialist leaders try to get around that law? Very simple. They bought stock—57 shares in the Scandinavian American Bank at Fargo. IT DIDN'T TAKE ANY MONEY TO DO THIS, because the very stock they bought they put up as collateral IN VIOLATION OF THE BANKING LAW OF NORTH DAKOTA. THE BANK EXAMINER BEING THEIR TOOL, this violation of the banking law did not trouble them any.

Next they proceeded to make loans from the Scandinavian American Bank of Fargo.

Next in as much as the Scandinavian American Bank could not loan to exceed \$9,000 to any private corporation, they proceeded to have their clerks, lawyers, dummies, bookkeepers, and other employees, SOME OF THEM BOYS, SOME OF THEM MEN SCARCELY WORTH A DOLLAR, SOME OF THEM NON-RESIDENTS, sign up notes all the way from seven to nine thousand dollars apiece, and take the money from the Scandinavian American Bank and leave the note—the note being endorsed by one of their private corporations, of little or no financial responsibility.

In this way they soon had \$300,000 in cash out of

the Scandinavian American Bank of Fargo, and the bank had their notes. Although this was, of course, illegal, IT WAS CARRIED ON WITH THE CONNIVANCE OF THEIR BANKING DEPARTMENT.

Next they proceeded to get the deposits from the Bank of North Dakota. A letter written by H. J. Hagen, President of the Scandinavian American Bank, to the Bank of North Dakota, shows that TOWNLEY PERSONALLY PROMISED THEM ONE HALF MILLION DOLLARS OF STATE FUNDS.

Next they sent over a third of a million of these BILLS RECEIVABLE TO THE BANK OF NORTH DAKOTA, the bills receivable being backed up by the private paper that I have mentioned.

Next the Bank of North Dakota returned part of the bills receivable and the correspondence states that it GAVE THEM CREDIT FOR A PART.

I attempted to find out, more about the Bank of North Dakota's dealings and as attorney general I asked the State Auditor to examine the Bank of North Dakota so we would get an honest examination, AND THEY REFUSED TO LET THE AUDITOR EXAMINE THE BANK, and the same HAS NOT BEEN EXAMINED BY ANYBODY EXCEPT THEIR APPOINTEES.

It must be obvious to the man with even no experience that the Bank of North Dakota cannot be successful if it is filled with notes that are valueless. Getting notes secured by post dated checks, from a lot of clerks in St. Paul whether they are clerks in a grocery store, a newspaper plant, or an insane asylum is not safe, sound business. Three members of our Supreme Court, Bronson, Grace and Robinson have held that post dated checks are excellent security. I should like to see some farmers try to buy Bronson's Grace's or Robinson's land on this excellent security, to-wit, post dated checks given by men living in Texas, Oklahoma, Wisconsin,

Iowa, Kansas, South Dakota, Montana, Idaho, Washington, Oregon or Colorado, these checks being given by men whom they did not know, that they had not seen, who might not own property, and some of the checks over a year past due. There is not a farmer in North Dakota who would sell his farm for that kind of paper.

These checks in the amounts of six, nine, sixteen, eighteen, thirty-two or one hundred dollars would be of small value if you had to hire a lawyer and pay him for his services in collecting them. In the Scandinavian American Bank case, had I been allowed to call witnesses, I had bankers who would have testified that these checks were worth not to exceed forty cents on the dollar, and some bankers would have testified that they were worth very much less. They knew because they had tried to collect them, and TOWNLEY HIMSELF ONCE TESTIFIED UNDER OATH THAT THEY WERE WORTH ONLY APPROXIMATELY FIFTY CENTS ON THE DOLLAR.

The Socialists prate about the profits in the Bank of North Dakota—why, if everything is on the square in that bank, DID NOT THEY, WHEN THE AUDITOR CAME TO EXAMINE IT, SAY TO THE AUDITOR, “YOU, WHO ARE ELECTED BY THE PEOPLE TO EXAMINE THE PUBLIC INSTITUTIONS OF THE STATE—YOU ARE WELCOME, COME IN AND SEE HOW WELL WE ARE TAKING CARE OF THE PUBLIC FINANCES TRUSTED TO OUR CHARGE.” Why if everything was honestly conducted by HONEST men should they object to having an HONEST examination MADE BY AN HONEST OFFICIAL ELECTED BY THE PEOPLE?

After all of these facts became public, the Socialist leaders had to make a goat of somebody, so they picked out Waters. They said Waters was a crook, a

scoundrel and a blackmailer, and after this, if anything shows up wrong in the bank, they are going to hide behind Waters—the man whom the Governor and Commissioner of Agriculture and Labor appointed to this job—HE IS TO BE MADE THE “GOAT”, and when the farmers go to the Socialist leaders and complain, they will shrug their shoulders and say—“IT IS TOO BAD. WHEN WE APPOINTED HIM WE THOUGHT HE WAS HONEST, BUT WE HAVE ALREADY TOLD YOU IN OUR NEWSPAPERS THAT HE IS A CROOK, A SCOUNDREL AND A BLACK-MAILER.”

## CHAPTER VIII

HOW THE SOCIALISTS KEEP THEIR FRIENDS  
OUT OF THE PENITENTIARY.

Anyone who has read the Socialist papers knows what a huge factor in their propaganda is the statement that when Big Business controls the Government it passes laws under which they put their opponents in the penitentiaries, and that if by some unlucky accident one of their own class is convicted and put in jail that the OFFICERS IN CHARGE WILL SOON PARDON OR PAROLE THAT FRIEND. A banker, they say, in a government run by bankers, seldom goes to jail and if he does he DOES NOT STAY THERE LONG. The rabid I. W. W. speaker always says "The wealthy man can commit any crime and get away with it while us poor devils are thrown in for committing no crime at all". Naturally people wonder whether the socialists follow that theory and WHETHER THE SOCIALISTS PROTECT THEIR FRIENDS HERE IN NORTH DAKOTA.

As Attorney General, it has been my privilege to find out how justice is meted out in this, the New GALLEY 29—

Day in North Dakota, and I just wish to give you a few samples of Socialistic justice.

Down in Bowman County there was a County Treasurer by the name of Ted Austin. He became a rabid follower of the Socialist gang, one of the right hand men of Charles Joyce, the present Sheriff of Bowman County and one of the candidates for Presidential elector to the last National Republican Convention. Like a great many of the men whom the Socialists include, Austin also spent money—in fact he spent so much that his salary couldn't quite furnish

enough of it. The result was that he began using the County's money. It naturally followed that there were false entries in the books and the shortage soon totaled \$8,865.71.

Some of the citizens demanded an investigation. Under the laws of the State when anyone wishes an examination made of any county or municipality they apply to the Bank Examiner. The Bank Examiner of North Dakota, appointed by Governor Frazier, is O. E. Lofthus. (He ran, several years ago, for Treasurer of North Dakota on the Socialist ticket.) The Bank Examiner sent a deputy down there to check up their friend Austin, and, it is alleged that the examiner found a shortage of approximately \$150.00. Not a word was breathed about it. Austin it is said gave his check for that amount and the matter was hushed up. There were no criminal actions taken against the man who had no children and who was not living with his wife, so there could be no defense of protecting his family. Nevertheless there was nothing done.

Later a complaint was made that the Examiner had not made a thorough examination with the result that the State Auditor was appealed to. The State Auditor was a man who left the League after he saw the Socialist control. He sent his deputy, a man by the name of Snyder, down there to investigate the matter and found a total shortage of \$8,865.71. Austin threw up both hands and plead guilty. His crimes were overwhelming—not one crime but a series of crimes which extended over years—cool, deliberate embezzlement and faking of books. Was Austin sent to the penitentiary? He was not. The Judge, who had also been appointed by Governor Frazier, solemnly announced that he was sentenced to three years in the penitentiary and just as solemnly announced that in as much as

Austin had no money (having spent it all) it would be necessary that he remain outside until he could earn or raise some so that Austin could pay back the thousands of dollars. A suspended sentence was the result and AUSTIN NEVER SAW THE PENITENTIARY, THE MATTER ENDING IN EXACTLY THE WAY A LOT OF THE CITIZENS STATED AND PROPHESED AT THE TIME THAT HE WAS ARRESTED.

Another case is that of Pierce Egan, a banker, who operated the First State Bank of Jud; Egan came from the same town that Townley comes from, the town which was also the home of ex-Congressman John Baer, former Bank Examiner and later Manager of the Bank of North Dakota, J. R. Waters and of the Socialist Land Appraiser Seaman A. Smith. Egan made false bank statements, issued certificates of deposits when there was no money placed in the bank for them to be issued on, and in order to deceive the bank examiner, numbering them hundreds of numbers ahead so that they would not be discovered. By accident a banker out in Utah got hold of some of these certificates of deposit with the result that there was an investigation and a shortage discovered of approximately \$35,000.00.

Assistant Attorney General Sheets, at the first rumor went down there with the result that Egan was arrested, charged with the crime of embezzlement. Egan of course, furnished bail and a little later wrote the following letter, with the penitentiary staring him in the face:

"Bingham Canyon, Utah,

Feb. 23, 1920.

Mr. J. R. Waters,

Bismarek, N. D.

Dear Sir:—

I am endeavoring to get a job as editor and manager

of a newspaper for the Nonpartisan league, and as they require references I have referred them to you.

I wish you would write Mr. Sam S. Haislet, Box 897, Fargo, and tell him what you know about my ability as a newspaper man.

I am now a firm believer in the principles of the Nonpartisan League. I am about to renounce the faith and take up socialism.

Very truly yours,

Pierce Egan."

And Pierce Egan, with the penitentiary staring him in the face in North Dakota, was sent out to Idaho. HE GOT the NEWSPAPER TO RUN JUST AS HE REQUESTED—this jailbird sent to Idaho by Townley's outfit to instruct the people of Idaho along good Socialist lines.

And out here in North Dakota, Egan's letter to Waters, as Manager of the Bank of North Dakota, appointed by Frazier at the request of Townley and his agents, convinced Frazier. Evidently Frazier figured that this crook and embezzler—NOW THAT HE WAS TAKING UP SOCIALISM—would become a desirable ally and if he would let him go free, he would help Townley and Lemke and the other Socialists in their organization.

AND SO FRAZIER, THE MAN WHO PRATES SO MUCH OF THE EQUAL ENFORCEMENT OF THE LAW, WROTE A PERSONAL LETTER TO JUDGE FRED GRAHAM OF ELLENDALE ASKING THE JUDGE TO BE LENIENT WITH EGAN. Frazier evidently didn't set forth in his letter convincing reasons why this crook who had just turned Socialist should have any leniency, why an embezzler of thirty-five thousand dollars should not go to the penitentiary—while immature boys, for stealing articles worth a few hundred dollars should go. And Judge Graham right-



fully sentenced Egan to the penitentiary for one year.

Did this phase Frazier?

No, sir.

The Socialists had the trump card up their sleeves.

The Attorney General, the District Court and the Judge could be defied with impunity—here was one of their own kind who had just turned Socialist headed toward the penitentiary.

THE DAY EGAN WAS TO GO TO THE PENITENTIARY, THE GOVERNOR HAD HIS PAROLE BOARD IN SESSION, which board consists directly and indirectly of his appointees. Egan didn't linger long at the penitentiary. IN LESS TIME THAN IT TAKES TO WRITE THIS, THE PAROLE BOARD HAD PAROLED MR. EGAN, and Egan is now in Bingham Canyon, Utah, preaching Socialism. But the state of North Dakota had to make good the shortage out of the State Bonding Fund, and the people indirectly have to pay it.

A short time afterward, in the Scandinavian American Bank case about which the Socialist, Charles Edward Russell, so feelingly wrote, AND ABOUT WHICH HE KNEW NOTHING EXCEPT WHAT WAS TOLD HIM, among other things I arrested the president H. J. Hagen, and the cashier P. R. Sherman. The Hagen trial came up and lasted approximately ten days. It was tried before Judge M. J. Englert of Valley City, a Frazier appointee. Although H. J. Hagen is unquestionably a man with a rotten reputation, a crook in the fullest sense of the word, yet the Socialist press, because he was one of their kind, lauded, defended and fought his battle for him.

The jury was composed as follows:

Robert Gibb, Fargo, N. D.....	Plumber
Ben Spencer, Fargo, N. D.....	Mechanic
R. A. Miller, Hunter, N. D.....	Farmer

F. Solberg, Harwood, N. D.....	Farmer
Ed. Sautebin, Davenport, N. D.....	Farmer
Thomas Peterson, Warren, N. D.....	Farmer
A. A. Pearson, Argusville, N. D.....	Farmer
G. A. Stevens, Tower City, N. D.....	Agt. Oil Co.
Charles Simons, Fargo, N. D....	Railroad Switchman
John Flatt, Fargo, N. D.....	Farmer
Milton Streck, Alice, N. D.....	Farmer
William F. Piper, Fargo, N. D.....	Auto Dealer

Hagen was defended by ex-Congressman James Manahan of St. Paul, one of Townley's personal lawyers, by local attorneys at Fargo, and also by Governor Frazier's attorney William Lemke of the executive committee of the "League." Hagen's lawyers were evidently so afraid of his being cross examined that they didn't dare let him get on the witness stand.

To the astonishment of Hagen and his lawyers, the farmer-labor jury after deliberating three or four hours rendered a verdict of GUILTY. Did Judge Engler, who only a few weeks before had been appointed judge by Governor Frazier sentence Hagen to the penitentiary? NOT UNDER THE PRESENT ADMINISTRATION OF JUSTICE IN NORTH DAKOTA. Hagen's chief attorney Manahan immediately made a motion to set aside the verdict of the jury on various grounds, among them being that the audience had prejudiced the jury, etc., objections to which the ordinary Judge would not have listened in patience for five minutes. Yet this Judge solemnly made the announcement that he would take the matter under advisement, and the lawyers could present briefs, etc. This was in November, the rest of November went by, December passed into oblivion, 1920 rolled around, January, February and March passed and, lo and behold, in April the Judge

announced that there had been error in the trial (although he was presumably judge to keep error out) and that, after all, the verdict had been a grave mistake and that he would not compel Hagen to appeal to the Supreme Court, but that he would correct the matter himself. He set aside the verdict of the twelve jurymen and COMPELLED THE STATE OF NORTH DAKOTA TO EITHER TRY TOWNLEY'S TOOL, H. J. HAGEN ALL OVER AGAIN OR LET HIM GO FREE. During the course of that trial, the rumor came frequently to the prosecuting officers that Hagen was boasting that he would never go to the penitentiary. He and his lawyers made good their word. He isn't there yet, and with the League running its "Vice President" for Attorney General, (he was also one of the attorneys for Hagen) can't you just imagine how Hagen is trembling in his shoes!

Hagen at the time he was prosecuted had been appointed by Governor Frazier as chairman of the State Guarantee Fund, which is a fund raised by a tax of one-twentieth of one per cent on every state bank, so that the money of every man, women and child will be protected in the bank. That is, it protects it only to the extent of his fund: the state does not guarantee the deposit itself. After the jury of farmers and laboring men convicted Hagen, did THE GOVERNOR REMOVE HAGEN FROM BEING CHAIRMAN OF THIS IMPORTANT TRUST? HE DID NOT, but on the contrary, when Hagen's term expired, THE GOVERNOR PROMPTLY RE-APPOINTED HIM— FRAZIER WAS OH SO MUCH WISER THAN THE FARMERS WHO HEARD THE EVIDENCE!

Up in Knox, in Benson County, there was a banker by the name of David H. Ugland. He went wrong in the bank with the result that he was short somewhere between two or three hundred thousand dollars. He

left the state and went to Minneapolis; detectives down there shadowed him. Later he returned to North Dakota and plead guilty before Judge Buttz to three counts, namely:

1. Making with intent to defraud, a false entry, said entry a material entry in the record of the Security Bank of Knox, a banking corporation organized and existing as such under the laws of the State of North Dakota;

2. Knowingly accepting money for deposit in an insolvent bank, while being cashier of said bank and knowing of such insolvency.

3. Embezzlement.

The Judge sentenced him to a term of five years on the first count; three years and six months on the second count, and three years on the third count, all beginning December 17, 1918.

Ugland, however, was a friend of J. R. Waters, Bank Examiner, and later Manager of the Bank of North Dakota.

No sooner had Ugland gone to the penitentiary, than I received word that they were going to parole him as soon as the law would allow, which was in eight months and seventeen days. As Attorney General, I wrote a letter to every member of the Parole Board requesting permission to appear before the Parole Board to protest against the parole of Ugland. Was I notified when the Board met? I was not. And when the eight months and seventeen days were up, Ugland walked out of the penitentiary.

Later, in violation of the state parole laws, he was outside of the borders of North Dakota, to Minneapolis; and still later, again in violation of the state parole laws, he became intoxicated, fell down stairs in one of the leading hotels in North Dakota, and broke his nose.

As Attorney General, I made application to the State Parole board to revoke his parole and have him sent back to the penitentiary. After two postponements, I finally got the matter up before the Parole Board, and after much debate, the members of the Parole Board decided that it would be to the interests of the creditors to leave Ugland outside of the penitentiary. Though thoroughly disgusted I looked up Ugland's record, it developed that he had stolen four loads of flax while he was out on bail, and I had him arrested on this charge. The case came up in Benson County before a jury of his fellow citizens, with the result that he was convicted and sentenced to one year in the penitentiary. Ugland appealed to the Supreme Court with the result that he is now out on bail. Although Ugland plead guilty to these crimes; he, through his Socialist friends, was compelled to serve only eight months and seventeen days, while Charlie Hamilton, a negro from Minot without any friends, got six years for stealing \$46.00, although he claimed he didn't even use a gun in the process.

The extent of this book does not permit the taking up of the cases in detail. Time and time again, the Governor, a tool in the hands of those who made him Governor, has used his power to interfere with justice.

But there is one case which will never cease to cause amazement to attorneys and well informed laymen.

It was when the Scandinavian American Bank was closed, and the Supreme Court, without any notice to the Attorney General and Secretary of State, who closed the bank and appointed a Receiver who put up a \$10,000.00 bond, issued an order ordering them to turn the bank over to the Bank Examiner, O.

E. Loftus. I, under oath, filed the following application to have their order modified:

**SCANDINAVIAN AMERICAN BANK PETITION  
IN THE SUPREME COURT OF THE STATE OF  
NORTH DAKOTA**

The State of North Dakota, on the relation of O. E. Loftus as State Bank Examiner, The Scandinavian American Bank of Fargo, a corporation, and H. J. Hagen, N. G. Eggen, Lars Christianson, H. L. Bolley, Spurgeon Odell, Emil J. Headland and H. F. Holmes, Directors and stockholders of the Scandinavian American Bank of Fargo, and R. R. Sherman, Cashier and Stockholder,

Petitioners and Relators.

--vs--

William Langer, Attorney General, and as an individual, and as a member of the State Banking Board, and Thomas Hall Secretary of State and as a member of the State Banking Board and as an individual, and Albert E. Sheets, Jr., Assistant Attorney General, and as an individual, and P. E. Hallorson, as pretending receiver of said bank and as an individual,  
Defendants and Respondents

**PETITION FOR MODIFICATION**

Comes now William Langer, as Attorney General of the State of North Dakota, and as one of the respondents in the above entitled action and respectfully petitions your Honorable Court for a modification of its Order dated October 15, 1919, for the following reasons:

1. That by the order of October 15th, 1919, respondents were given until October 23rd, 1919, by your Honorable Court in which to file additional affidavits, that since that time affiant and his assistants have been endeavoring to secure affidavits which would present material facts in the above entitled matter to your Honorable Court, but that such efforts have been unavailing: that there are some five or six persons whose testimony under oath is material, and that some of these persons have refused to give affidavits, and still others have indicated that they would refuse to give affidavits, but this affiant has reason to believe and does believe that such persons if subpoenaed before any district court of this state will tell the truth, and will testify to material facts which this affiant verily believes should be in the possession of this Honorable Court.

2. Affiant further believes that as a result of obtaining such testimony additional evidence will be adduced which will make the conviction of H. J. Hagen and P. R. Sherman officers of the Scandinavian American Bank more certain, and further affiant has reason to believe and does believe that if such testimony were taken upon order of this Honorable Court that evidence will be given which will justify other prosecutions arising out of the facts relating to the condition of the Scandinavian American Bank.

**WHEREFORE**, affiant prays this Honorable Court for a modification of its order of October 15, 1919, in this that said

order may provide for oral testimony to be taken before some proper court designated by your Honorable Court in the above entitled matter.

William Langer,  
Attorney General.

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STATE OF NORTH DAKOTA,  
COUNTY OF BURLEIGH ss

William Langer, being first duly sworn, desposes and says that he is the duly elected, qualified and acting Attorney General, of the State of North Dakota, and as such is the Attorney for the Defendants and Respondents in the above entitled action; that he has read the above and foregoing petition and knows the contents thereof, and that the same is true to the best of his knowledge, information and belief.

William Langer,

Subscribed and sworn to before me this 21st, day of October, 1919.

L. O. RUDSER,  
NOTARY PUBLIC, Burleigh County, N. D.  
My Commission Expires Oct. 5, 1920.

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(SEAL)

From the above, you will note that I swore that if they would let me call witnesses in that case that I would not only put Hagen and Sherman in the penitentiary, BUT THAT I WOULD ALSO PUT IN THE PENITENTIARY A WHOLE LOT OF OTHER MEN CONNECTED WITH THE CRIME. The Supreme Court through Justices Bronson, Grace and Robinson, two judges (Christianson and Birdzell) dissenting, in spite of my sworn statement, DENIED ME THE RIGHT TO CALL WITNESSES WITH THE RESULT THAT THE MEN WHOM I HAD SWORN WERE GUILTY OF CRIME. ESCAPED. Justices Bronson, Grace and Robinson didn't take the trouble to find out whether these men were leaders of the Nonpartisan league or not. They didn't stop to find out about the \$700,000.00 of notes with which the state had been flooded. And it was about that time that I issued the famous statement that Townley, Lemke and Wood and the other leaders claimed was contempt of court. The statement shows that although there are men in

North Dakota who aren't afraid of me—that I in turn am not afraid of them.

Here is a part of the statement:

The governor, the state bank examiner and some other state officials can line up with crooks and use their official positions to protect them if they wish. As for myself, I shall keep on trying unfalteringly and faithfully to serve the people—farmers, bakers, bankers and boot-blacks; white or black alike.

I was not born to be a subservient tool of a political boss.

The banking board is the people's protection against thieves, embezzlers, crooks and scoundrels, and North Dakota never needed an honest administration of banking laws more than now.

The report of the two deputy bank examiners states that even aside from the so-called "farmer" enterprises, the bank is insolvent.

The state's banking laws have been continuously, openly and insolently flouted with contemptuous defiance.

The time has come for a showdown! If Townley and the men whom he has caused to be appointed to office, are above the law, let us find it out.

Ordinarily I do not make any evidence I have in criminal cases public—I will make no more public in this case, if I can avoid it. When the crooks are before a farmer jury and the facts are presented, the jury will do the rest.

WILLIAM LANGER,  
Attorney General.

### THE JURY DID!

The crooked crook, Hagen, president of Townley's and Lemke's Bank, was convicted.

Frazier didn't remove him as chairman of the



Guarantee Board. Englert, appointed by Frazier, set aside the conviction!

Frazier REAPPOINTED Hazen to the chairman of the Guarantee Board.

And when men come to me and say, "Why, if you say that there are a lot of crooks at large in North Dakota, don't you arrest them?" I am wearily tempted to say, "What is the use?" And I have arrested none and will not even try Sherman, the cashier, until I find out whether in North Dakota when the tool of the Socialists Hazen is again on trial in November—he backed by Townley, Frazier and the rest, is STRONGER THAN THE RIGHT ARM OF JUSTICE.

### THE SECRET CAUCUS

The question is frequently asked me, "How does it happen that the Socialists are able to put through their program when the Legislature of the State is composed of hard headed farmers who would naturally be opposed to socialism.

Of all the statements that were made during the campaign, none was received by the people of North Dakota with greater incredulity than the one that Townley and Lemke and their bunch of socialists had absolute control of the Legislature in North Dakota. Unless one has been in the secret caucus—not the open house caucus which the members so urgently invited their farmer neighbors to attend—but the executive caucus, the real secret caucus, until one has seen that "operated" and has seen what has transpired before even the secret caucus meets, till then I say, no one is qualified to discuss the secret caucus.

The secret caucus is made up of those members of the legislature elected by the League who have signed an agreement to go into a secret caucus and there abide by the vote of the majority of that caucus.

Even before the agreement is signed, weeks before

the legislature convenes, the Socialists have done their work thoroughly and this work has elected the men sent to the legislature. Do they represent the real farmers of North Dakota? Answer, They do not.

It is a well known fact that on a jury one strong man often sways the eleven. The Socialists have taken advantage of this psychological circumstance. Here in North Dakota when the League was organized, approximately eight thousand people were socialists and voted the socialist ticket.

Townley, AS STATE ORGANIZER FOR THE SOCIALIST PARTY, KNEW THE LEADING SOCIALIST SPEAKERS AND AGITATORS IN NORTH DAKOTA. He knew the leaders of the eight thousand socialists in this state. When a member of the legislature was to be voted upon in Kidder County, Townley wanted the socialist Rollin Weld nominated and he was elected. In Stutsman County there was a Socialist barber by the name of O'Brien. He was also elected to the Legislature. In Billings County a Socialist farmer, Gus Wog was nominated and elected. In Ward County a Socialist by the name of John Fleekten was nominated and elected for the Senate. In Oliver County it was the Socialist R. H. Walker who was selected. In Bottineau County L. L. Stair, who was not only a socialist, but boasted of the fact that he was a member of the I. W. W., was elected for the House and I suppose because he was an I. W. W. Townley thought him so well qualified that he was made Speaker of the House of Representatives. These men were nominated because Townley had the eight thousand socialists well organized.

The farmer in North Dakota has usually a retiring disposition. HE IS NOT AN OFFICE SEEKER. AS A GENERAL RULE, THE BETTER OFF A FARMER IS THE MORE HE AVOIDS PUBLIC OFFICE. And

so it was very easy where seventy five or eighty farmers met at a county convention for five or six loud mouthed socialists to nominate one of their fellow socialists for the legislature with the full concurrence of the other farmers at the county convention.

These kind of men were nominated and elected.

Townley himself told me one day that there wasn't a man in the whole lot of average intelligence except Dell Patterson of Renville County and he added, "If Patterson had had an education he would have been some fellow."

WHEN FACE TO FACE WITH THESE MEN, TOWNLEY FAWNS, CAJOLES, FLATTERS AND CONFIDES IN THEM. BEHIND THEIR BACKS HE RIDICULES, DEGRADES, HOLDS UP TO CONTEMPT AND DESPISES.

In the eastern part of the state, along what is known as the Red River Valley, there are practically no Socialists. In these counties as a general rule "weak" men are selected—men who will not lead a fight. The result is that when the legislators get together that 74 or 75 men out of the 113 House members are either Socialists, radicals or fellows without any special strength to LEAD A FIGHT.

In addition, a great many of these men are on the pay roll either of the League, the Consumers United Stores Company, which is an adjunct of the League, the Publishers National Service Bureau, or some other concern controlled either directly or indirectly by Townley, Lemke or Wood or their tools. The result is that these men expect, as soon as they are through with the Session that they will go back on the pay roll of the same concern, with the same salary or better than before the Legislature convened, and so it happens that many of these men, instead of having the best interests of North Dakota at heart, are more

concerned with keeping in the good graces of the heads of the League. Nothing, of course, could be more detrimental to the welfare of the people of the State of North Dakota.

A few days before the Legislature convenes some of the league friends and their trusted lieutenants appear in Bismarck. They get rooms close together for all of the legislators whom they control. Three years ago they leased the entire Northwest Hotel. The leaders also leased rooms for themselves and for their committee meetings. Last year Room 400 in the McKenzie Hotel was selected by them. As soon as the members come in a committee meets them with the old political proposition of getting them to sign up the agreement, heretofore mentioned part of which is that they agree to go into a secret caucus and to abide by the will of the majority, not only on the measures dealing with League program but on everything that comes up before that Caucus.

The caucus last year met in Patterson Hall in Bismarck which is annexed to the McKenzie Hotel. The proprietor of the hotel to be able to get the members of the caucus into the caucus hall from the hotel without going out onto the street, cut a hole in the wall of the hotel and this hole was fitted with a big iron door. Seeing the secret caucus operate is simply seeing a few unscrupulous men taking advantage of psychology.

After they meet, one of the Socialist leaders will commence the operation. Three years ago Arthur Le Seuer, who ran for President of the United States on the Socialist ticket was one of the chief men. At the last session it was Walter Thomas Mills who ran for United States senator in California in 1916 on the Socialist ticket against Hiram Johnson. Mills was, of course, assisted by a lot of lesser lights, both Socialists and radicals.

Lemke would most probably introduce Mills and talk something along this line:

"Gentlemen, you are about to hear one of the greatest men in the world talk to you about democracy, a real genuine democracy. This man knows a hundred times more than you or I about true democracy, and I take pleasure in introducing to you the "Little Giant of Democracy". Applause.

Then Mills gets up. He begins his talk. AND HOW HE CAN TALK—he may not be able to do any work on a farm—BUT HE CAN OUT TALK ANY FARMER.

"Gentlemen, the eyes of the world are upon you. Even over in Europe they know the State of North Dakota is trying out a new kind of social democracy which will make the rich poorer and the poor richer, a democracy which will wipe out the lumber trust, the doctor trust and every other old kind of a trust. This democracy will bury all the trust—it will take the government away from these trusts, and put it back in the hands of the people. Gentlemen, you want to stick with the leaders of this organization and you will have a real democracy in North Dakota." By this time Mills is perspiring a little—he too perspires while he earns "his" money.

"Look out for big business agents. Don't talk to other senators and representatives. They represent "Big Business." Avoid them, don't be seen with them. They will come to you and smile but they have the interests of "Big Business" at heart. They smile but they aim a dagger at your heart while they smile in your face."

After listening for hours to that kind of stuff in which Mills and his Socialist associates in their speeches tear down progress without offering to replace it by anything constructive some tool of Townley and

Lemke's motion that the report of the steering committee be adopted. The Socialists all yell "Aye" and those who are not Socialists weakly acquiesce and thus THE RECOMMENDATION OF THE STEERING COMMITTEE IS ADOPTED. OF COURSE EVERY ONE OF THE STEERING COMMITTEE IS A TRUE AND TRIED TOWNLEYITE. THE STEERING COMMITTEE HAS CHARGE OF THE SECRET CAUCUS UNDER THE FOLLOWING RULES:

- 1 Meetings shall open at 7:30 p. m.
- 2 Roll call shall be held at 8:00 P. M.
- 3 Visitors shall be allowed in the caucus only on Wednesday and Saturday nights.
- 4 The serciant-at-arms of the house to be sergeant at-arms of the caucus.
- 5 ALL BILLS SHALL BE PRESENTED TO THE STEERING COMMITTEE WHICH SHALL AFTER CONSIDERING THE BILLS REPORT ITS DECISION ON SAME TO THE CAUCUS.
- 6 Persons speaking shall confine themselves to the subject under consideration.
- 7 NO PERSON NOT A MEMBER OF THE LEGISLATURE SHALL BE ALLOWED TO APPEAR BEFORE THE CAUCUS WITHOUT FIRST OBTAINING THE PERMISSION OF EITHER THE STEERING COMMITTEE? OR THE CAUCUS ITSELF.
- 8 THE MEMBERS OF THIS CAUCUS SHALL BE GOVERNED IN THEIR VOTE IN EITHER THE HOUSE OR THE SENATE BY THE MAJORITY VOTE OF THIS CAUCUS.
- 9 Resolutions shall take the same course and be handled in the same way as bills.
- 10 All committee metings shall be held in the forenoon.

- 11 ALL CHANGES MADE IN BILLS IN COMMITTEE MEETINGS SHALL BE BROUGHT BEFORE THE STEERING COMMITTEE AND THE IMPORTANT CHANGES ARE TO BE BROUGHT BEFORE THE CAUCUS FOR THEIR DECISION.
- 12 The chairmen of the different committees shall announce the committee meetings right after roll call.
- 13 The three chairmen, Wood, Stair and Maddock, shall be the permanent chairmen: either one of these three shall call the meeting to order, after which they shall appoint a chairman for the evening.
- 14 Roberts rules of order shall be the governing rules."

Obviously anyone can see the tremendous control given to Townley and Lemke and Wood through Rule 5 which is:

"ALL BILLS SHALL BE PRESENTED TO THE STEERING COMMITTEE who shall, after considering the bills, report their decision on same to the caucus."

In other words, no bill, no measure can be introduced in the Legislature of North Dakota by any Nonpartisan who has signed up for the secret caucus until that MEASURE HAS FIRST BEEN PASSED UPON BY TOWNLEY AND HIS PICKED STEERING COMMITTEE. If, for instance, any leaguer wished to introduce a bill that the Bank of North Dakota should be examined, that bill would be first handed to Lemke Stair, Cahill and the rest of Townley's satellites on the steering committee, and as that bill would be dangerous, they must HAVE TIME TO CONSIDER!

BUT THAT IS SO EASY.

IN AS MUCH AS THERE IS NO TIME SET WHEN THE STEERING COMMITTEE MUST GIVE A

DECISION ON SAID BILL, they can take a week or two weeks and can go their usual procedure which is that the steering committee can call into conference three or four members of the House and Senate to discuss the proposed measure. After convincing the three or four men, they thereafter call in three or four more until THEY HAVE A MAJORITY OF THE CAUCUS WITH THEM.

The steering committee then reports the bills out as "unfavorable"—that is unless some MEMBER OF THE STEERING COMMITTEE CONVENIENTLY POCKETS THE PROPOSED BILL.

And the members of the caucus who wished the bill passed, FIND THEMSELVES IN A HOPELESS MINORITY.

If, perchance, some strong man would temporarily sway the caucus, as Senator Mees of Morton County did one night, then there is Rule 11 which is:

"All changes made in bills in committee shall be brought before the steering committee, and the important changes are to be brought before the caucus for their decision."

It is very simple for a member of the steering committee, or for some tool of Townley's to get a small change in the bill before the caucus which will result in the matter being re-submitted to the steering committee—and the steering committee, WITHOUT ANY TIME LIMIT, can go on and win over other adherents before the vote in the caucus—and promises jobs if necessary—and by that time the strong man's swaying of the Caucus is over.

During the last Session of the Legislature, months before Senator Cahill was endorsed for Secretary of State, months before Representative McDonnell was

Two years later when Townley was in control, THEY



endorsed for Railroad Commissioner, it was rumored all over the capital that these men would have the endorsements for these jobs.

And the most dense person in North Dakota can see that after the steering committee reports unfavorably on, for instance, the bill providing for the examination of the Bank of North Dakota how a majority of the caucus votes that the bill shall not be passed and how then comes Rule 8.

"The members of this caucus shall be governed in their vote in either the House or Senate by the majority vote of this caucus."

If there are any members elected by the farmers who do wish the Bank examined, they are bound by the agreement which they signed before entering the caucus.

If he DARE to get up in the Legislature and vote "Yes" on a bill that the secret caucus had rejected, he, in English, Scandinavian and German, is branded in Townley's newspapers. **AS A TRAITOR TO THE FARMERS OF NORTH DAKOTA. A CROOK, A SCOUNDREL AND A TAKER OF BRIBES**—Would you yourself have the nerve to go up against this?

I know better than any other person in the United States whereof I speak. I saw this autoeratic, undemocratic system in operation. Townley and Lemke through their control of their tools, make the Legislature do their bidding. A single example will suffice and you can look up the record for yourself.

Three years ago the Legislature of North Dakota had under consideration a bill providing for a one man instead of a three man tax Commission, Townley and Lemke at that time immediately **BRANDED THAT BILL AS AN OLD GANG MEASURE**. When the bill came up before the Legislature, they worked to kill it, and it was "killed."

INTRODUCED THE SAME BILL. Senator Mees of Morton County, for six years, had worked in support of the three man tax commission. As Secretary of the Farmers Educational Union of Morton and Grant counties, he had assisted the fight in its behalf. As Chairman of the Committee on Taxation three years before he had led the fight for it and now, in the twinkling of an eye, after six years of work, after he had seen the three men composing the Tax Sommission of North Dakota in the very lawsuit which I started myself entitled Northern Pacific Railway Company vs, Morton County; 32 North Dakota, page 67, compel the railroad companies to pay taxes on over thirty million dollars worth of property, after this Commission was a success, Senator Mees, because Townley and Lemke wanted a one man Tax Commission, which they could control, saw these men foster a measure providing for the repeal of the three man commission.

Senator Mees, fighting the Socialist League leaders went TO THE STATE OFFICIALS ELECTED BY THE FARMERS OF NORTH DAKOTA ON THE FARMERS TICKET FOR ASSISTANCE. He went to the State Auditor and requested that he appear before the Committee on Taxation to protest. This, State Auditor Kositzky did. He appeared before that committee and protested so strongly and vehemently that Senator Mees won by a vote of nine to eight.

But behold, a man who was not a member of that committee, a Socialist by the name of R. H. Walker of Oliver County, got up and said that he was a member of that Committee, that L. L. Stair, the I. W. W. speaker, had appointed him a member of that Committee. He voted against Senator Mees, and Senator Mees, to his astonishment, saw a man who was not a member of that committee, casting a vote so that the final vote was nine to nine and consequently tied. The

bill was again taken up in secret caucus and it was rumored that Senator Mees was going to be "disciplined."

Senator Mees, the farmer who had organized the Nonpartisan League in Morton County, who had conducted twelve district conventions for them, who was, fortunately for the people of North Dakota, not a weak man, was to be disciplined. Senator Mees, who didn't want to run for the Senate, who was forced into the Senatorial race by a few of us fellows in Morton County, all Leaguers, who wished to have Senators who Townley could not control.

Among those who did this disciplining was Speaker Stair who, although he two years before had been for a three man tax commission, now suddenly changed to a one man tax commission. Member after member got up and TRIED to tell why they had changed! Townley sat back, a satisfied smile on his face. HIS TOOLS WERE DOING HIS BIDDING.

There was a pause in the meeting. Senator Mees saw that they expected him to defend his viewpoint. He got up, walked to the front of the room and clearly and concisely presented an absolutely unanswerable argument for the three man Tax Commission.

In conclusion he turned to Townley and said:

"Two years ago, you were opposed to the one man Tax Commission. You said that the old gang, that Governor Hanna wanted this law passed so that he could have control of the levying of taxes. If this law was bad then, it is bad now."

"I'll tell you, fellow members, I was against this bill two years ago and I am against this bill now. My conscience will not permit me to vote Yes on this measure. I want to be in a position when I get back home so that I can explain to my neighbors who sent me to

the Legislature, each vote that I cast. I wish to say this to you—that when you go back home, when you are out there sitting on your plow, and your neighbor comes up to you, the neighbor who helped to send you down here, and asks why you voted for a bill, you will have to explain it yourself. Lemke will be back in St. Paul, Pike will be back in St. Paul, Day will be back in Spokane, Roylance likely back in Utah, Mills in Australia and Townley will be God knows where. They won't be there to explain it to your neighbors for you, and I serve notice that I propose to vote in such a way as my conscience dictates, and so that I will be able to explain my vote when I get back Home."

No sooner had Senator Mees sat down than Townley arose. Mees knew that the cards were stacked, and Townley's attitude showed that Senator Mees had no chance in this unfair fight. Townley was there to make an example of Mees, the man who had dared to defy him, who had dared to say that he wouldn't be bound by Rule No. 8. Among other things Townley said:

"Senator Mees says that he with a good conscience cannot vote for this bill—that his conscience won't let him. **MEES OUGHT TO HAVE THOUGHT OF THAT BEFORE HE SIGNED THIS AGREEMENT.** Mees says that he understood that the agreement covered only the original farmers program. He ought to have known better. After a man signs the agreement to abide by what this caucus does, **HE ISN'T SUPPOSED TO HAVE A CONSCIENCE.** Mees says that he wants to be able to explain his vote to his neighbors. If necessary, I want Mees to go home and lie to them like a damned horsethief." There was tremendous applause.

Senator Mees then arose and asked that he be excused from voting, and stated that he wanted to vote as his conscience dictated. Senator Cahill made a motion

that Senator Mees' request be granted. A lightning glance passed from Townley to Cahill, and Cahill, weakling that he is, got up and withdrew his motion. There was only one man who backed up Mees, Senator Welford of Pembina County. Welford couldn't stomach it. The others were afraid.

When Senator Mees saw that the caucus wouldn't excuse him, Senator Mees walked out of that caucus and when the bill came up in the Senate he voted "no" on the bill. And Senator Mees, because he dared to defy Townley, was no longer admitted to the secret caucus—he couldn't get through the iron door with it's guard.

Townley and Lemke in control of the Bank of North Dakota, with its thirty million dollar footings, as it had a while ago, with the thousands of jobs they have either created or can create at will, are stronger **THAN THE LEGISLATURE**. And did Townley promise jobs? Three years ago he needed three votes in the Senate. The old gang had the Senate and Townley sent men to Senator after Senator trying to make deals with them to get control of the Senate, offering to endorse this man for Lieutenant Governor two years later, or to make this man Warden of the Penitentiary. This is what Townley calls "clean politics"—it is rotter than Tammany Hall, fit **ONLY FOR ALEX McKENZIE, THE SO-CALLED DIRTY LOOTER OF ALASKA, WHO WORKS IN CONJUNCTION WITH TOWNLEY.**

Under Rule 5, the steering committee makes its report to the caucus. On important questions there may be no debate at all, and on unimportant ones, they may talk for hours. For instance let us take the bill creating the Bank of North Dakota, many legislators who voted for the bill could not tell what they were about. I have some letters on file written by some of these

same legislators asking about matters dealing with the bill which show that they knew little about it when they voted "Yes"—but they debated a long while this bill regulating the width of bob sleds in North Dakota.

The League, of course, had its detectives among the legislators. It was their business to drop in with a bunch walking along the street and talk with them, to eavesdrop on conversations and to find out if they dissatisfied or if anyone was "kicking". If they were, they were immediately reported to headquarters and Townley and Lemke sent for the man and proceeded to straighten him out. They had the espionage system down perfect.

How does the minority bind the majority? This way.

At the secret caucus suppose there were twenty one men present and eleven voted "Yes" and ten "No" on the bill, then not only are the twenty-one men who were present bound by the rules of the majority, **BUT ALSO ALL OF THE MEN WHO SIGNED THE AGREEMENT.** Some of the legislators had little books in which the bills were numbered one, two, three four, five etc. When a bill was to be voted upon at the Secret Caucus they pulled out their little book and if they were voting on Bill No. 5, and the caucus voted "Yes" they wrote "Yes," in the book opposite bill No. 5—and next day when they came to vote upon the floor of the House or Senate and the opposition brought forth honest argument—yet the book governed, not reason—and the vote of "yes" followed.

In addition to some of the books they had another method of keeping their men in line. The first man on the list of Representatives was according to the alphabet, J. J. Alberts of Divide County. Alberts however is not a very intelligent kind of a fellow and I understand made one or two mistakes with the result

that they had Bert Arnold of Bowman vote first and Alberts next. It was understood that upon all important measures the Nonpartisans were to vote the way Bert Arnold voted. If Bert Arnold voted "Yes" the rest should vote "Yes" and if he voted "No" the rest should vote "No".

This is their much vaunted democracy—this is what Walter Thomas Mills praises in Washington and other states and what Charles Edward Russell who has been on the Townley payroll glorifies and calls "A Farmers' Legislature"—the thing that Gaston, also on Townley's pay roll, boosts—and what a bunch of non-residents preachers and ministers without any actual knowledge whereof they speak, endorse.

**I SAY TO THE NONPARTISAN FARMERS OF NORTH DAKOTA—TRY IT OUT.** Go to any of the legislators you voted for and ask them to explain any important bill to you. **THEIR IGNORANCE WILL APALL YOU.** They were implicitly and trustingly following the dictates of unscrupulous men, men without political consciences or morals. **MEN WHOSE PROGRAM IS NOT THE FARMERS PROGRAM,** but who plan pure unadulterated Socialism. These men tried to pass Senate bills 43, 44 and 94, which would have fastened pure unadulterated fabian socialism upon you—the fight of men like Mees, Kositzky, and the rest of us scared them—**THEY DIDN'T DARE TO GO THROUGH IN FACE OF OUR OPPOSITION—**but with Lemke as attorney general and entrenched with a new lease of power they would attempt new ideas and carry out old plans.

I say to you, before you vote for any Representative to go to Bismarek, **MAKE HIM SIGN AN AGREEMENT WITH YOU TO REFUSE TO GO INTO ANY SECRET CAUCUS NO MATTER WHO ASKS HIM.** The secret caucus is a thousand times more dangerous

to the welfare of the farmers of North Dakota than the Chamber of Commerce. TAKE THE WORD OF ONE WHO KNOWS. Your representative should openly debate all proposed laws upon the floor of the House or Senate SO THAT YOU CAN COME TO BISMARCK AND HEAR WHAT HE SAYS. Iron doors and secret recesses—especially a hall under the control of Alex McKenzie's right hand man Ed. Patterson—SHOULD HAVE NO PLACE IN OUR SYSTEM OF GOVERNMENT!

AND FRAZIER KNOWS ALL THIS AND STOOD FOR IT AND IS STILL STANDING, CHAINED, HALTERED AND TIED. WHAT A PITY!



## CHAPTER X

**TAXATION UNDER THE SOCIALIST REGIME**

As a part of the propaganda aimed to get their candidates votes, the Socialist leaders told the people that the taxes were too high; that if the people would only vote for them not only would the taxes be lowered, but that the corporations and the men of wealth would pay more than the farmers,—the farmers were paying more than their share. Originally it was the farmers that this outfit was most concerned with and not the laboring men—they came later when they commenced to get members in labor states. In North Dakota we have less than 5000 labor members.

**What are the facts?** Take for instance the very time that the socialist leaders were organizing the league in North Dakota. In 1918, the State Tax levy for all purposes was \$1,572,255.46. In 1919 when the Socialist's were in control the state taxes were \$3,800,000. This \$3,800,000 is only the beginning.

Some of the state officials repeatedly warned the farmers as to what was happening. The newspapers **controlled by the Socialists denied the statements made** Here are excerpts from some of their newspapers:

Nonpartisan Leader, May 3, 1919—

The truth will leak out, and the farmers of other states refuse to believe the lies these papers have published, just as the farmers of North Dakota know that State Auditor Kositzky is lying about taxes.

Nonpartisan Leader May 17, 1919.

“No living man can tell you now what your taxes are going to be on a certain piece of farm land this year or what the levy in mills will be.

“One thing is certain, however, and that is that the increase for state taxes will be very light because of the large sums that will be raised as a result of the corporation taxes,—one thing is certain, if there is a slight increase in the tax on your farm, it will not amount to

as much as the decrease effected by the EXEMPTION OF FARM IMPROVEMENTS FROM TAXATION. Considering these COLD FACTS, are the TAX GUESSERS SINCERE, or are they just kicking up a little election dust.?"

Nonpartisan Leader, April 26, 1919—

"The old gang is pretty hard up for something to talk about when they can find nothing better than wierd stories to prove League officials are trying to rob the farmers. That has been the song ever since the organization of the League started—BUT EVERY TALE TOLD HAS PROVEN A LIE.

"And the people of North Dakota will swallow no such stuff and nonsense, and it is an insult to their intelligence to asume they are ignorant.

"Neither will the repeated falsehoods about ruinous taxes be believed by any but feeble minded."

Supplement to the North Dakota Leader April 26, 1919—

"Mr. Kositzky's statements are equally false. He has repeatedly declared that the average farmers will pay three times as much taxes in 1919 as he did last year.—Instead of having his taxes doubled or trebled (as the opposition papers and hostile politicians predict) the average farmer in 1919 will pay \$5.58 a quarter-section more than he did in 1918."

#### DO YOU GET THAT?

Here is a comparison of 1918 and 1919 taxes with the state hail tax not included.

Mercer County:

	1918	1919
Thos. Fegenkau—All 23-144-90.....	\$254.44	\$627.78
Edward Oster—NE $\frac{1}{4}$ 7-144-86.....	62.26	123.71
Ed. Heinemeyer—SE $\frac{1}{4}$ 31-145-84.....	73.93	102.59

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Wm. Clauson—SW $\frac{1}{4}$  18-134-86..... 69.65 126.11

## Richland County:

P. E. Sletmoe—SW $\frac{1}{4}$  34-135-49..... 69.04 121.63

Theo. Larson—NE $\frac{1}{4}$  28-133-48..... 63.90 112.91

Christ Ness—NW $\frac{1}{4}$  23-122-48..... 78.30 119.74

Chas. R. Pickney—SE $\frac{1}{4}$  21-130-47.... 58.22 149.86

Andrew Hackney—SW $\frac{1}{4}$  9-135-49.... 77.30 136.22

## McHenry County:

L. E. Goodlaxon—NE  $\frac{1}{4}$  24-151-76..... 28.09 50.50

Emil Everson—NE $\frac{1}{4}$  16-154-79..... 35.97 64.56

J. E. Westford—SW $\frac{1}{4}$  25-159-78..... 43.30 85.97

Ole Gilbertson—NE $\frac{1}{4}$  15-156-76..... 54.58 120.79

Siver Dokkenm—S $\frac{1}{2}$  NW $\frac{1}{4}$  157-76.... 23.01 50.23

## Stutsman County:

T. R. Negus—SE $\frac{1}{4}$  25-137-64..... 75.37 115.29

J. A. Coffey—All 10-144-62..... 347.80 522.64

John D. Unruh—S $\frac{1}{2}$  NE $\frac{1}{4}$  N $\frac{1}{2}$  SE $\frac{1}{4}$   
24-144-69 ..... 39.94 65.90

Fréd E. Lee—All 17-137-63..... 245.76 454.94

T. H. Thom—S $\frac{1}{2}$  4-140-65..... 112.98 184.82

Dema Weld—S $\frac{1}{2}$  21-140-67..... 89.41 165.10

## Barnes County:

F. W. Krenkamp—NE $\frac{1}{4}$  1-140-58..... 79.74 273.04

Frank Heimes—NW $\frac{1}{4}$  19-140-58..... 57.19 220.46

G. N. Rassmusson—All 7-143-59..... 249.83 495.91

Jos. M. Schall—SW $\frac{3}{4}$  30-137-57..... 93.83 264.14

Wm. Burchill—SW $\frac{1}{4}$  10-142-57..... 92.87 129.46

## Dickey County:

J. E. Skogland—NE $\frac{1}{4}$  21-129-61..... 45.28 74.88

B. L. Nelson—NE $\frac{1}{4}$  11-132-62..... 45.95 74.26

Bruce Scott—NW $\frac{1}{4}$  5-131-63..... 50.90 107.43

Mathew Whelan—SE $\frac{1}{4}$  7-129-64..... 32.68 59.34

B. S. Hodge—NW $\frac{1}{4}$  12-129-64..... 30.13 56.32

## Grand Forks County:

Hans Anderson—SE $\frac{1}{4}$  31-150-50..... 98.56 183.46

J. R. Pupore—SE $\frac{1}{4}$ 19-153-50.....	53.30	119.34
G. C. Holden—NE $\frac{1}{4}$ 16-150-51.....	35.96	74.81
Geo. Undenby—W $\frac{1}{2}$ NW $\frac{1}{4}$ SW $\frac{1}{4}$ 15-153-51.....	51.07	102.52

A. O. Trageton—NW $\frac{1}{4}$ 32-149-54.....	67.77	128.49
P. E. Halt—NW $\frac{1}{4}$ 6-153-54.....	51.86	102.31

## Traill County:

K. O. Brokke—NW $\frac{1}{4}$ .....	64.93	99.85
Ole I. Hanson—SW $\frac{1}{4}$ 28-146-50.....	76.64	138.12
Martin Spillum—NE $\frac{1}{4}$ 12-147-51.....	44.62	90.02
T. R. Tobiason—SW $\frac{1}{4}$ 8-148-53.....	101.32	209.94
C. A. Ulland—SE $\frac{1}{4}$ 28-146-52.....	75.37	128.54

## Benson County:

W. J. Church—SW $\frac{1}{4}$ 5-154-70.....	51.66	108.08
John R. Maddock—NE $\frac{1}{4}$ 10-151-69....	58.09	104.10
John F. Randall—NE $\frac{1}{4}$ 14-156-70.....	36.18	85.46
Sherman F. Engel—NE $\frac{1}{4}$ 13-153-71....	42.66	145.87
R. S. Montague—NE $\frac{1}{4}$ 12-153-68.....	54.30	103.04

## McLean County:

Walter Graham—SE $\frac{1}{4}$ 13-143-80.....	32.52	91.57
Jacob Shock—SW $\frac{1}{4}$ 15-149-82.....	40.12	83.17
Olaf Hanson—SW $\frac{1}{4}$ 2-150-86.....	44.81	99.88
Joseph Redman—SW $\frac{1}{4}$ 26-150-83.....	45.97	117.69
Wm. Koosman—NE $\frac{1}{4}$ 24-150-83.....	45.09	112.77

## Eddy County:

C. W. Bronlin—All 9-150-65.....	111.58	244.64
W. W. Teffry—NW $\frac{1}{4}$ 17-148-66.....	29.48	88.50
O. H. Olson—NW $\frac{1}{4}$ 8-149-67.....	31.10	103.56
B. C. Larkin—SE $\frac{1}{4}$ 8-148-64.....	44.87	58.79
Timothy O'Connor—SW $\frac{1}{4}$ 16-149-67....	26.04	57.71

## Ramsey County:

G. O. Johnson—NW $\frac{1}{4}$ 9-156-60.....	51.09	107.69
L. D. Maurer—NW $\frac{1}{4}$ 32-158-64.....	57.45	105.91
Robt. Cochrane—SE $\frac{1}{4}$ 35-155-65.....	41.58	80.86
I. E. Eorlie—E $\frac{1}{2}$ SE $\frac{1}{4}$ S $\frac{1}{2}$ NE $\frac{1}{4}$ 8-155-66.....	57.95	121.94

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N. Morrison—E $\frac{1}{2}$  SW $\frac{1}{4}$  E $\frac{1}{2}$  NW $\frac{1}{4}$   
 10-155-64 ..... 66.32 111.02

## Ward County:

Olaf Lokensgard—NW $\frac{1}{4}$  35-154-83..... 44.95 62.40  
 M. M. Powell—NW $\frac{1}{4}$  23-157-83..... 50.29 68.71  
 August Krantz—SE $\frac{1}{4}$  9-161-88..... 46.99 56.25  
 A. S. Spicher—SE $\frac{1}{4}$  15-155-85..... 75.07 101.25  
 John E. Fleckten—SW $\frac{1}{4}$  20-160-89.... 25.90 51.80

## Emmons County:

Fay Harding—NW $\frac{1}{4}$  26-134-75..... 46.78 68.25  
 John Snyder—NW $\frac{1}{4}$  34-134-76..... 39.25 63.29  
 Arend Hasper—NW $\frac{1}{4}$  14-129-76..... 34.44 71.68  
 Mike Scherr—NE $\frac{1}{4}$  and SW $\frac{1}{2}$  29-131-76 51.98 92.86  
 A. N. Drake—West  $\frac{1}{2}$  Sec. 8-132-76, ex-  
 cept Townsite of Linton (in city of  
 Linton) ..... 197.17 471.86  
 John Bader—Lot 7, Block 15, City of Lin-  
 ton ..... 17.72 3.70

From the newspaper clippings quoted you will note how the average farmers taxes in 1919 would only be \$5.58 a half section more than they were in 1918. I have therefore taken a few pieces of land which are owned by prominent men. In Benson County for instance Church, Maddock and Randall ARE THE NON-PARTISAN SENATOR AND REPRESENTATIVE RESPECTIVELY. In Stutsman County J.A.Coffey is the District Judge. In Eddy County B. C. Larkin is a nonpartisan representative. O. H. Olson is the senator from Eddy County. In Ward County John E. Fleckten is the State Senator. In Emmons County Fay Harding is the Nonpartisan Representative, and Mike Scherr was one of the candidates at the last election to the House.

In these statements I want you to note especially that THE STATE HAIL TAX IS NOT INCLUDED. A concrete instance which I am mentioning solely be-

cause of the fact that Walter Liggett, a Socialist who is now on the state pay roll as Deputy Immigration Commissioner, used it in the debate with Mr. Kositzky on April 12, 1918. Here is what Liggett said:

"I am going to show you two or more farmers in this county (Burleigh County) are actually paying, and I am going to compare these figures with the figures that Mr. Kositzky has given you and ask you how correct you think his figures are. But I want to ask if Mr. Engdahl is in the audience. Mr. Engdahl lives in Gibbs Township.—Mr. Engdahl paid in taxes last year \$281.32 for all purposes—I have figured it very carefully, ladies and gentlemen—and I find that next year, Mr. Engdahl will pay \$349.91, when last year he paid \$281.32, including state taxes. That is an increase of \$72.00 all told and Mr. Kositzky would have you believe he is going to pay two or three times as much or more."

### **C. O. Engdahl's Tax Statement for 1918 and 1919**

(Mr. Engdahl lives in Gibbs Township, Burleigh County, Address, Bismarek N. D.)

	1918 Tax	1919 Tax	Increase
All Sec. 3, Twp. 139, Range 79	\$118.32	\$243.10	\$124.78
E½ Sec. 4 Twp. 139, Range 79	64.46	120.78	56.32
E½ of 2½ Sec. 4, Twp 139, Range 79	29.47	60.44	30.97
NW¼, Sec. 9 Twp 139, Range 79	29.39	60.35	30.96
NW¼, Sec. 17 Twp 139, Range 79	29.39	60.35	30.96
25c indemnity hail tax on 558 acres			
of cropped land.....		139.50	139.50
3c hail tax on 1,440 acres land.....		43.20	43.20
Total.....	\$271.03	\$667.37	\$456.69

Instead of Mr. Engdahl paying \$72.00 more taxes, as Mr. Liggett predicted, Mr. Engdahl is going to pay a total tax of \$667.37 this year on his real estate, or \$456.69 more than last year.

This as I said before is a typical case. The same is true in all of the counties of the state. The following

being a carefully prepared statement showing just how taxes have gone up in North Dakota since the socialists gained control. Always bear in mind that the first two years the socialists were in power, **THEY DID NOT HAVE CONTROL OF THE SENATE AND THAT THEY HAVE NOT BEEN IN ABSOLUTE CONTROL UNTIL A YEAR AGO LAST JANUARY.**

**AVERAGE VALUE OF LANDS PER ACRE AS LEFT  
BY THE STATE BOARD OF EQUALIZATION**

County	1915	1916	1917	1918	1919	1920
Adams .....	..\$3.90	\$3.32	\$3.38	\$3.37	\$11.62	10.64
Barnes .....	8.03	7.22	7.22	7.94	45.78	44.53
Benson .....	5.81	5.30	5.31	5.25	26.64	26.11
Billings .....	2.24	2.02	2.34	2.31	8.84	8.60
Bottineau ....	5.60	5.00	5.13	5.11	19.38	17.08
Bowman .....	3.58	3.08	3.03	3.29	11.49	10.60
Burke .....	4.26	3.83	3.81	4.37	16.63	16.18
Burleigh .....	4.33	4.01	4.06	4.28	18.78	18.40
Cass .....	9.55	8.87	9.08	9.93	57.71	56.46
Cavalier .....	6.71	6.00	6.03	6.64	38.01	37.62
Dickey .....	6.49	5.90	6.24	6.91	34.40	33.85
Divide .....	4.40	4.01	4.19	4.77	15.81	13.76
Dunn .....	3.46	3.19	4.71	4.67	15.71	15.28
Eddy .....	6.24	5.45	5.44	6.33	35.88	35.01
Emmons .....	4.16	3.72	3.78	4.19	18.30	17.93
Foster .....	6.27	5.14	5.30	6.38	35.33	34.69
Golden Valley	3.78	3.35	3.36	3.90	13.44	11.99
Grant .....	3.61	3.26	3.60	4.18	17.67	17.18
Grand Forks	8.84	8.25	8.57	8.84	50.89	49.65
Griggs .....	7.99	7.15	7.29	7.98	44.70	43.84
Hettinger ....	3.81	3.45	3.67	4.40	16.77	16.20
Kidder .....	3.85	3.45	3.63	4.17	36.33	17.49

\*All tax figures quoted in this chapter were prepared by State Auditor Carl Kositzky.

Logan .....	4.24	3.87	3.86	4.30	18.50	18.28
LaMoure ....	6.78	6.00	6.23	6.86	36.33	35.64
McHenry ....	4.49	3.98	4.35	4.55	17.39	15.20
McIntosh ....	4.66	4.21	4.24	4.70	22.52	19.82
McKenzie .....	2.57	2.24	2.30	2.26	8.64	8.38
McLean .....	3.96	3.48	3.52	3.89	17.81	17.36
Mercer .....	4.11	3.78	4.71	4.71	17.31	16.80
Morton .....	3.61	3.26	3.72	4.33	17.38	16.94
Mountrail ....	3.49	3.09	3.43	3.45	13.11	12.78
Nelson .....	7.70	7.10	7.10	7.81	42.52	41.67
Oliver .....	3.68	3.22	3.99	4.00	16.12	15.73
Pembina .....	7.11	6.50	6.59	7.96	45.81	44.80
Pierce .....	4.44	4.30	4.31	4.51	21.02	20.55
Ramsey .....	6.78	6.08	6.17	6.78	36.99	36.26
Ransome .....	7.09	6.46	6.95	7.26	41.89	41.12
Renville .....	4.94	4.46	5.26	5.20	19.68	17.06
Richland .....	8.91	8.01	8.01	8.81	50.83	49.29
Rolette .....	5.10	4.57	5.03	5.06	23.57	22.39
Sargent .....	7.07	6.38	6.37	6.91	35.84	35.09
Sheridan .....	4.69	4.20	4.29	4.30	17.31	16.90
Slope .....	3.61	2.80	2.88	3.36	11.13	10.63
Sioux .....	3.72	3.43	3.77	3.55	12.35	10.91
Stark .....	3.73	3.35	3.36	3.96	15.12	14.67
Steele .....	8.36	7.59	7.59	7.97	44.67	43.78
Stutsman .....	6.39	5.76	5.86	7.17	34.50	31.67
Towner .....	6.63	5.89	6.19	6.50	32.68	32.04
Traill .....	9.60	8.78	9.06	9.56	55.01	53.94
Walsh .....	8.86	7.98	7.96	8.76	50.50	49.55
Ward .....	4.47	4.06	4.55	4.62	18.15	17.68
Wells .....	6.06	5.41	5.45	5.70	29.69	29.01

The truth of the matter is that when some of the state officers and the farmers of North Dakota subscribed to the program of the league, the farmers meant one thing, the socialists meant another. The average farmer, myself included, meant by that phrase that merely BUILDINGS ON FARM LANDS WERE



## GOING TO BE EXEMPT FROM TAXATION

The Socialists, however, although they concealed their object at that time meant to bring about THE SINGLE TAX AS ADVOCATED BY HENRY GEORGE AND THE SOCIALISTS FOR YEARS. They employed a single tax expert by the name of W. G. Roylance, from Utah who at all times has been in favor of the old socialist single tax. An investigation reveals that the burden under the general property tax for the state and all political subdivisions thereof for 1919 was:

\$28,219, 804.00, as against \$20,399,682.00 for 1918, or an increase of more than \$7,200,000 or 39 per cent. The Utah theorist, Professor Roylance, if he knows anything at all about the fiscal history of the state, knows that this is the most astounding increase in a general property tax ever experienced by a state in times of peace. It may be true that during the scalawag carpet-bagging regime in the south, at the close of the Civil War, greater relative tax increases were known, but nowhere in the North in times of peace has any state experienced such a tremendous tax increase.

This, however, tells only part of the story. Townley's legislature exempted large amounts of personal property from taxation **with a resulting shift of the tax burden to farm lands.** In 1918 farm lands, exclusive of improvements, bore **54.89** per cent of the total tax burden, while in 1919 it bore **70.36** per cent. In brief in 1918 farm lands bore \$11,197,386 of the total tax of \$20,400,000, while in 1919 it bore a burden of \$19,742,903.00 out of a total of \$28,219,000.00.

This is a shift of the tax burden to farm lands of \$8,-645,517.85 or 77.22 per cent. To be sure there is some offset to this shift. The farmer was relieved of \$864,454.00 by the exemption of his farm improvements, and of a million dollars in round numbers, by exemption

of personal property. In other words, he has a total saving of \$1,429,033.00. Deducting this from the total burden upon acre property for 1919, we get a net increase in the farmers' tax burden of 64.65 per cent. **THIS FIGURE, 64.65 PER CENT, REPRESENTS THE ACTUAL AVERAGE INCREASE FOR THE ENTIRE STATE IN THE TAX BURDEN UPON FARM LANDS.**

The theorist from Utah, Professor Roylance, contends that the increase in the tax burden is due to the levy for county, township and school purposes. Selecting at random the levies in two counties we find that the county tax in Adams county for 1918 was \$76,696.65, while in 1919 it was but \$74,327.46; that the township tax in 1918 was \$38,891.18, while in 1919 it was \$40,895.99; in 1918 the school tax was \$90.368.00 while in 1919 it was \$125,750.00. In another county, Foster, the county tax in 1918 was \$70,659.00, while in 1919 it was \$88,469.00; the township tax in 1918 was \$23,738.00, while in 1919 it was \$36,779.00; the school tax in 1918 was \$104,354.00, while in 1919 it was \$149,329.00.

It will be noted from these two counties that the increase in the total tax levy for local purpose is not so great as the state increase which amounts to nearly 200 per cent, nor as great as the **increased burden upon farm lands, due to the single tax law** recommended by the Utah theorist, Professor Roylance, and enacted by Mr. Townley's hand picked legislature into laws.

That the single tax laws of the theorist, Professor Roylance of Utah, works a **hardship upon the farmer** of small means and is a god send to the farmer with costly improvements and to the dweller in incorporated towns and cities is indicated by the following:

**R. E. Dresser** of Spiritwood village, Stutsman County paid on lots 19 to 22 inclusive, block-2, in 1919 a tax

of \$10.88, while in 1918 he paid a tax of \$23.26; while Fred O. Fried of Spiritwood township, in the same county, upon E $\frac{1}{2}$  of the NE $\frac{1}{4}$  of the SW $\frac{1}{4}$  of Section 15 paid in 1919 a tax of \$14.35, upon his unimproved farm land as against \$8.00 in 1918.

John C. Lees, of Buchanan village, in the same county, paid upon lots five and six of block five in 1919 a tax of \$21.96, as against \$24.77 in 1918; while Will Pierce of Buchanan township, in the same county, upon the N $\frac{1}{2}$  of the NE $\frac{1}{4}$  of section 22, paid in 1919 \$59.54 upon his real estate, exclusive of structures, while in 1918 he paid but \$31.01. G. H. Knobel, NE $\frac{1}{4}$  of section 30-141-64, which was valued together with improvements for upposes of taxation at \$26,858.00, having more than \$20,000.00 worth of improvements, paid in 1919 \$128.93, while W. E. Telken, NE $\frac{1}{4}$  of section 36-141-64, valued only at \$9,445.00 with improvements worth about \$2500.00, paid a tax of \$130.57 in 1919.

In brief, a man with real property valued at \$26,858.00, paid a tax somewhat less than a man with property valued at \$9,445. Thomas E. Pendray, the senator from Stutsman county, paid on real property, valued for purposes of taxation at \$16,792.00, a tax in 1919 of \$50.54, while one of his neighbors, Mr. E. W. Knobel with property valued at \$6,000.00, paid a tax of \$72.05 or almost as great as Mr. Pendray who has almost two and a half times the property.

The tax burden under the laws evolved from the brain of this Utah theorist, Professor Roylance, and enacted by Townley's legislature results in letting the fellow off in incorporated cities and towns with less tax and actually reduces the tax of the rich farmer with large buildings, while it doubles and trebles the tax of the poor man struggling to improve his farm and with buildings of no considerable value. The following abstract of assessment was taken

from the books in Stutsman county and is self explanatory:

# STUTSMAN COUNTY

Owner	Description	1919 tax	1918	1919
		Rate mills		
R. E. Dresser	lots 19 to 22 blk. 2	16.63	\$23.26	\$10.88
Fred O. Fried	E1/2 of NE1/4 of SW1/4			
see 15	.....	16.63	8.00	14.35
J. C. Lees	lots 5 & 6 blk 5.....	18.8	24.77	21.96
Will Pierce	N1/2 of NE1/4, see 22	18.8	31.01	59.54
G. H. Knobel	NE1/4, see 30.....		63.43	128.93
W. E. Telken	NE1/4, see 36.....		66.58	130.57
Thomas Pendray	NE1/4, see. 18.....		84.39	90.54
E. W. Coble	NE1/4, see 26.....		43.31	72.05

Under the constitution of the state the tax levy was limited to 4 mills. In order for the socialists to fasten the single tax upon the farmers it was necessary that the tax be raised, and the only way that could be done was to have a new valuation instead of the old one. The socialists therefore imported the single taxer and he showed the way around the difficulty by assessing farm land at 100 per cent instead of 30 per cent. The result of revaluation along socialistic lines being as follows:

Name of County.	1915	1919	1918
	Assessable	Valuation	Valuation
	Acreage	Real Estate	Real Estate
	(1919 levy, 2.98 mills)	(2.98 mills)	(1918 levy, 4.3 mills)
Adams .....	\$ 772,045	\$8,966,250	\$ 2,240,391
Barnes .....	947,690	43,383,708	9,211,890
Benson .....	767,069	20,431,770	4,664,448
Billings .....	567,767	5,018,001	1,326,484
Bottineau .....	1,063,149	20,609,678	6,457,004
Bowman .....	633,243	7,272,314	2,381,496
Burke .....	677,126	11,266,352	3,266,741
Burleigh .....	990,318	18,606,005	6,192,009
Cass .....	1,112,870	64,231,042	18,376,452
Cavalier ....	955,380	36,308,189	6,986,642

Diekey .....	716,878	24,703,018	5,636,765
Divide .....	759,423	12,036,588	3,813,822
Dunn .....	926,756	14,557,066	4,570,266
Eddy .....	389,448	13,935,590	3,005,286
Emmons .....	923,909	16,895,711	4,239,866
Foster .....	405,796	14,339,501	3,000,622
Golden Valley ....	556,775	7,486,946	2,628,325
Grand Forks ....	924,748	47,063,438	11,220,936
Grant .....	980,568	17,331,924	4,576,806
Griggs .....	449,596	20,103,289	4,252,938
Hettinger .....	668,688	11,210,551	3,272,710
Kidder .....	811,627	14,538,445	3,691,714
LaMoure .....	727,879	26,446,520	5,654,124
Logan .....	609,131	11,270,895	2,814,313
McHenry .....	1,150,566	20,021,590	5,798,364
McIntosh .....	605,795	13,646,189	3,216,705
McKenzie .....	1,322,890	11,431,564	3,063,033
McLean .....	1,171,890	20,862,941	4,992,387
Mercer .....	622,644	10,788,861	3,058,936
Morton .....	1,162,126	20,195,523	6,266,690
Mountrail .....	1,003,450	13,174,690	3,672,606
Nelson .....	623,973	26,536,272	5,412,882
Oliver .....	430,980	6,944,941	1,797,340
Pembina .....	707,716	32,422,942	6,244,220
Pierce .....	627,156	13,187,940	3,210,100
Ramsey .....	758,311	28,058,715	6,437,437
Ransom .....	537,341	22,493,864	4,544,569
Renville .....	556,824	10,955,618	3,217,174
Richland .....	908,061	46,155,296	9,517,138
Rolette .....	527,610	12,438,485	3,027,886
Sargent .....	536,518	19,229,212	4,135,675
Sheridan .....	585,116	10,125,463	2,707,310
Sioux .....	153,450	1,894,674	533,875
Slope .....	676,891	7,536,365	2,421,495
Towner .....	628,691	20,554,375	4,671,161
Stark .....	814,366	12,312,124	4,372,047

Steele .....	454,038	20,282,706	4,066,584
Stutsman .....	1,393,845	48,105,933	11,801,045
Towner .....	628,691	20,554,375	4,671,161
Traill .....	545,761	30,024,238	5,898,575
Walsh .....	818,647	41,341,800	8,203,871
Ward .....	1,252,703	22,745,504	8,742,259
Wells .....	797,927	23,685,745	5,216,435
Williams .....	1,223,712	17,003,286	5,586,108
.. Total .....	\$40,936,894	\$1,072,167,653	\$265,315,957

You will note especially that the levy which in 1918 was 4.3 mills was not reduced two thirds as it should have been, had the amount of tax which the farmers was going to pay in 1919, been the same in dollars and cents as he paid in 1918. In that case the levy would have been approximately 1.43 mills, instead of 2.98 mills. As a member of the State Board of Equalization, I am thoroughly familiar with just exactly the way this was done.

The legislature in its regular session in 1919 made a tax levy of \$4,540,826.00 which was 168.94 per cent more than the 1918 levy.

Of the original state levy of \$4,540,826, the farmer is asked to pay \$3,178,578. AND AT THIS SAME SESSION WAS INTRODUCED A BILL PROVIDING THAT LANDS UPON WHICH TAXES WERE NOT PAID SHOULD REVERT TO THE STATE AND IMMEDIATELY BECOME A PART OF THE PUBLIC DOMAIN. Under the old classification, the farmer, in spite of the tremendous increase in all levies would have paid only \$2,492,579 of this year's total state tax levy.

THESE FIGURES APPLY TO THE STATE TAX ALONE.

It is in county taxation that the real niceties of the socialist scheme of confiscation of lands through exorbitant taxes show up.

In 1918 county taxes collected totaled \$6,356,352. This year the total under the original levy it was more than \$9,000,000, and of this amount the farmer would pay \$6,300,000, or almost as much in county taxes as were paid by all classes of property last year, whereas had the socialists been content to charge the farmer with the same proportion of the taxes which was assessed against the farmers before, the farmers this year would have paid only \$4,490,000 of the \$9,000,000 of county taxes.

The following official table shows how the socialists have favored other classes of property at the expense of the farmer:

CLASS OF PROPERTY	PERCENTAGE OF TAX	
Improvements on farm lands.....	3.416	—
FARM LANDS' .....	51.418	70.36
Town and city lots.....	3.453	3.802
Personal .....	17.482	7.812
RAILROADS .....	17.937	14.343
Telegraph .....	.1939	.0986
Express .....	.1918	.158
Telephone .....	.4513	.3746
Street railways .....	.09	.016
Sleeping Car Co's .....	.04	.0147

In keeping with the socialist single tax theory improvements on farm lands were exempted from taxation. The amount of benefit to the farmer may be arrived at by deducting 3.416 percent from the 18.95 percent increase in the farmers' share of the whole tax burden and by multiplying the balance by 168.94, which represents the increase in all tax levies under this, the first year of absolute socialist control in North Dakota.

The story in a nutshell is told in the following tables which were prepared by State Tax Commissioner Wallace, an appointee of Governor Frazier's, and which

may be presumed not to have been exaggerated or distorted by Mr. Wallace to the disadvantage of the socialists.

**Statement Showing Distribution of All Taxes Levied for all Purposes in North Dakota for the Year 1918**

Name of County	Total State Taxes	Total County Taxes
Adams .....	\$ 16,486.69	\$ 76,696.65
Billings .....	63,363.14	189,008.19
Benson .....	34,643.28	100,122.66
Bilings .....	9,863.46	47,693.96
Bottineau .....	43,032.30	151,890.98
Bowman .....	17,136.01	83,633.87
Burke .....	23,422.48	115,139.69
Burleigh .....	44,361.38	181,139.90
Cass .....	127,206.64	328,698.31
Cavalier .....	42,619.25	114,289.57
Dickey .....	37,104.00	89,588.62
Divide .....	22,087.69	100,741.55
Dunn .....	25,915.75	148,277.01
Eddy .....	18,634.86	64,863.07
Emmons .....	26,840.84	127,194.99
Foster .....	21,854.00	79,659.37
Golden Valley .....	17,081.20	46,267.54
Grand Forks .....	74,676.69	274,356.58
Grant .....	26,457.12	153,627.69
Griggs .....	27,201.23	67,244.81
Hettinger .....	19,827.79	88,185.58
Kidder .....	24,334.97	65,540.40
LaMoure .....	35,975.97	106,857.03
Logan .....	16,929.97	63,965.18
McHenry .....	43,736.31	128,070.85
McIntosh .....	19,643.49	53,306.61
McKenzie .....	19,409.47	98,613.01
McLean .....	33,189.49	124,677.23
Mercer .....	19,665.76	127,640.34
Morton .....	46,752.70	186,290.34
Mountrail .....	27,428.41	121,974.40
Nelson .....	34,426.56	60,153.54
Oliver .....	11,674.58	56,219.73
Pembina .....	40,107.94	102,426.23
Pierce .....	22,852.32	99,549.66
Ramsey .....	44,537.64	114,992.90
Ransom .....	28,508.94	78,160.61
Renville .....	20,022.95	152,904.70
Richland .....	64,444.98	192,611.17
Rolette .....	20,215.30	147,408.68
Sargent .....	29,703.74	114,036.73
Sheridan .....	16,628.75	56,756.51
Sioux .....	5,500.09	21,744.55
Slope .....	13,792.38	68,200.00
Stark .....	31,503.38	154,110.67
Steele .....	23,479.45	82,884.47
Stutsman .....	74,386.86	194,029.29
Towner .....	29,619.34	72,824.22
Trail .....	37,564.01	98,776.43



Walsh .....	52,986.72	125,404.84
Ward .....	63,336.31	321,617.32
Wells .....	35,909.64	140,549.14
Williams .....	41,027.43	206,503.19
Total .....	1,769,091.65	6,371,310.06

\*City or County.

Total Township Taxes	Total School Taxes	Total City, Town or Village Taxes	Total General Taxes
\$ 38,891.18	\$ 30,368.23	\$ 8,842.18	\$ 231,284.93
97,087.75	238,232.35	63,445.50	651,136.93
77,477.86	169,429.56	15,991.30	397,664.66
10,900.08	51,947.32		120,404.82
89,161.28	218,262.54	31,586.89	533,933.99
25,105.39	83,181.54	10,071.73	219,128.54
50,603.26	129,446.81	14,616.08	333,228.32
58,395.39	164,842.00	72,383.74	521,122.41
128,573.05	488,298.86	269,830.14	1342,607.00
90,635.01	193,709.40	15,186.67	456,459.90
65,771.82	127,508.32	36,688.80	356,661.56
21,183.57	102,797.52	13,373.00	260,183.33
11,795.85	114,049.18	10,312.81	310,350.60
31,016.58	69,492.55	13,501.02	197,508.08
16,634.84	119,789.81	9,667.75	300,128.23
23,738.46	104,354.93	17,875.41	247,482.17
34,021.47	91,807.71	16,372.80	205,553.72
95,645.16	262,096.44	159,029.42	865,804.29
30,851.51	122,269.23	8,135.41	341,340.96
51,266.50	76,805.88	15,907.14	238,425.56
36,771.76	120,262.21	10,156.28	275,203.62
19,649.83	99,864.00	8,786.20	218,175.40
68,035.15	152,844.90	30,969.53	394,682.58
13,392.35	70,536.51	3,980.11	168,804.12
73,565.93	254,936.66	2,737.69	527,681.44
	80,741.18	10,735.30	164,426.58
27,951.78	125,133.97	6,948.62	278,056.85
48,709.92	201,381.80	21,665.97	429,624.41
	84,607.91	7,702.11	239,602.12
24,268.34	167,726.10	50,767.81	475,805.29
63,030.79	160,861.97	16,538.97	395,834.54
66,756.02	150,803.40	24,154.55	336,303.07
1,276.00	40,387.16	801.65	110,350.12
27,743.13	126,231.56	27,664.96	354,308.42
19,472.67	102,149.14	12,452.66	256,476.45
68,553.17	192,550.64	55,081.81	475,716.16
59,455.50	159,448.00	21,180.85	346,753.90
36,212.11	118,907.97	16,076.47	314,184.20
121,991.54	178,107.70	54,679.44	611,834.83
12,956.50	96,053.43	10,629.64	287,263.55
63,505.38	121,859.29	13,388.40	342,493.54
17,241.74	77,687.99	6,584.09	174,899.08
1,063.09	20,501.06		48,808.79
39,809.58	103,650.86	8,316.00	233,768.82
19,813.23	162,140.56	46,899.30	414,467.14
13,944.54	93,444.85	13,154.58	226,907.89
117,885.85	353,324.01	63,347.24	802,973.25
45,398.00	123,869.14	17,632.97	284,337.67
77,446.74	139,158.49	29,985.36	282,931.05
75,113.40	158,449.04	42,202.78	454,156.28

Special Assess- ments, City, Town or Village	Special Assess- ments, County	Total Special Assessments	Grand Total
\$ 110,782.21	\$ 327,900.79	\$ 144,977.61	\$ 1028,614.24
53,894.09	182,199.25	22,152.15	434,704.27
83,360.70	252,641.85	33,158.50	616,691.67
2589,830.65	7884,057.57	1662,961.39	20277,251.32
\$ 4,458.37	\$ 682.27	\$ 15,140.64	\$ 231,284.93
2,434.87	417.43	2,852.30	666,277.57
12,179.80	23,244.47	35,424.27	400,516.96
880.86		880.66	120,404.82
79,340.97		79,340.97	569,358.26
160,728.67	66,842.31	227,570.98	219,128.54
5,990.00		5,990.00	334,109.18
4,604.23		4,604.23	600,463.38
15,985.00		15,985.00	1570,177.98
1,674.98	20,236.00	21,911.04	462,449.99
33,124.80		23,124.80	361,265.79
31.25		31.25	276,168.33
13,642.44		13,642.44	332,261.64
17,990.28	381.67	18,371.95	220,632.88
			390,159.48
			261,124.61
			205,553.72
			964,176.24
			341,340.96
			238,425.56
5,120.29	14,984.85	14,984.85	275,203.62
		8,120.29	233,160.25
23,520.84	3,262.71	26,783.55	402,802.87
	1,281.37	1,281.37	168,804.12
16,761.19	4,930.68	21,691.87	554,464.99
2,567.23		2,567.23	165,707.95
29,388.59	4,974.97	34,363.56	278,056.85
11,080.45		11,080.45	451,316.28
186.82		186.82	242,169.35
5,626.54		5,626.54	510,168.85
5,267.17		5,267.17	406,914.99
12,281.86		12,281.86	336,489.89
15,436.41		15,436.41	110,350.12
31,956.00		31,956.00	359,934.96
21,081.87	3,100.07	24,181.94	262,743.62
			487,998.02
223.44			362,190.31
5,341.14	31,410.56	36,751.70	366,140.20
			635,966.77
			287,263.55
			374,127.54
			180,240.22
			48,808.79
12,217.32		12,217.32	233,768.82
			426,684.46
31,395.08		31,395.08	226,907.89
492.86		492.86	834,368.33
*38,846.07		38,846.01	294,830.52
3,554.09		3,554.09	421,777.04
49,765.03		49,765.03	457,710.37
4,491.41		4,491.41	1178,879.27
*51,385.15		51,385.15	439,195.68
905,003.31	175,749.42	1,080,752.73	668,076.82
			21358,004.05

The socialists bunch promised to decrease the tax on farm land and the farmers were asked to place the socialists in power so that the taxes might be lowered so that the farmers might get a better deal. The farmers believed this outfit with the result that he has been "soaked" as he was never soaked before in North Dakota.

# Statement Showing Distribution of All Taxes Levied for all Purposes in North Dakota for the Year 1919

Name of County	Total State Taxes	Total County Taxes	Total Township Taxes
Adams .....	\$ 31,761.75	\$ 74,327.46	\$ 40,895.99
Barnes .....	151,792.32	254,725.48	109,506.65
Benson .....	74,109.90	152,977.84	80,521.25
Billings .....	17,683.48	52,104.06	10,874.65
Bottineau .....	74,690.28	247,883.09	32,851.24
Bowman .....	28,386.55	135,976.44	41,454.22
Burke .....	42,638.11	135,762.58	58,922.20
Burleigh .....	84,487.77	261,612.08	73,085.96
Cass .....	277,179.13	390,099.95	145,602.11
Cavalier .....	109,030.12	131,662.96	96,424.91
Dickey .....	81,478.27	88,417.51	71,289.57
Divide .....	38,818.76	127,026.11	64,247.51
Dunn .....	43,842.87	146,731.25	16,618.66
Eddy .....	45,385.16	71,787.09	33,703.95
Emmons .....	53,930.79	170,743.35	18,683.38
Foster .....	50,591.63	88,469.95	36,779.94
Golden Valley .....	29,748.26	44,906.43	36,861.24
Grand Forks .....	175,092.03	362,564.65	99,741.00
Grant .....	54,249.13	167,988.75	388,059.91
Griggs .....	64,898.19	59,832.77	50,729.42
Hettinger .....	36,302.51	109,538.85	42,071.47
Kidder .....	48,158.81	99,155.00	35,390.00
LaMoure .....	89,825.55	128,247.24	81,282.46
Logan .....	34,674.60	114,205.84	14,340.00
McHenry .....	79,496.80	200,300.24	92,584.37
McIntosh .....	41,865.86	81,398.72	
McKenzie .....	35,580.36	112,803.06	42,590.55
McLean .....	64,859.72	232,770.03	52,866.88
Mercer .....	35,254.39	150,378.96	
Morton .....	88,455.34	282,148.48	23,735.75
Mountrail .....	50,516.17	179,046.43	88,093.85
Nelson .....	82,930.74	100,094.00	70,009.65
Oliver .....	22,084.14	64,258.91	
Pembina .....	101,038.46	123,616.27	61,070.16
Pierce .....	46,608.31	131,738.03	22,277.37
Ramsey .....	100,043.65	153,277.24	75,041.36
Ransom .....	71,256.20	147,229.04	71,367.84
Renville .....	36,357.29	108,657.50	41,831.33
Richland .....	153,457.72	194,581.72	126,399.46
Rolette .....	41,518.01	167,387.00	12,176.96
Sargent .....	65,588.70	132,175.51	74,580.75
Sheridan .....	32,179.34	85,738.64	30,656.49

Sionx	9,346.47	34,521.02	741.60
Stark	54,099.75	194,101.15	21,705.25
Slope	23,041.07	72,200.81	53,725.69
Steele	59,277.75	90,521.48	46,495.18
Stutsman	161,540.81	237,898.38	137,361.38
Towner	64,366.03	100,152.52	52,457.01
Traill	93,757.20	141,567.98	85,242.09
Walsh	129,835.20	135,530.04	79,135.61
Ward	109,850.60	324,669.14	122,959.67
Wells	79,092.37	142,005.34	68,906.90
Williams	70,561.66	239,487.83	106,357.38
Totals	3742,616.08	7952,002.20	2985,308.21

School Taxes Total	Total City, Town or Village Taxes	Total Gen- eral Taxes	STATE RAIL- ROAD INSURANCE 3c Flat Rate Tax	Indemnity Acre- age Tax
\$125,750.79	\$ 10,186.02	\$282,922.01	\$12,729.45	\$ 32,001.75
372,003.34	86,098.59	974,126.38	23,513.07	110,070.50
277,827.12	23,202.39	608,638.50	16,889.25	83,097.31
58,594.14		139,256.33	5,113.41	9,828.00
297,478.48	93,161.65	746,064.74	26,529.48	109,498.02
199,616.47	8,643.78	389,077.46	14,969.14	26,207.35
180,594.21	15,638.07	433,555.17	14,948.06	63,161.60
260,174.54	102,941.95	782,302.30	19,284.41	57,497.05
685,958.81	407,960.26	1906,800.26	30,591.69	94,199.75
266,552.44	24,780.03	628,450.46	21,540.09	76,105.00
172,141.68	44,647.45	457,974.48	16,785.60	61,547.13
188,109.91	13,827.63	432,029.92	18,938.37	82,657.05
178,192.46	18,309.48	403,694.72	16,884.18	51,384.00
73,568.61	44,031.67	268,476.48	7,926.02	40,665.22
158,494.89	12,259.89	414,112.30	15,213.87	46,308.62
149,325.37	13,089.74	338,256.63	9,743.12	50,986.40
117,011.67	17,506.40	246,034.00	9,353.05	25,596.20
404,682.65	190,160.91	1232,241.24	22,574.15	87,123.74
189,958.37	9,449.60	454,705.76	20,046.57	45,140.18
88,873.39	47,539.14	311,872.91	10,257.38	47,984.00
159,462.30	12,653.00	360,028.13	15,521.02	47,862.74
152,196.30	11,250.00	340,150.11	14,014.92	54,363.89
246,556.04	38,785.19	584,896.48	18,444.78	97,086.75
108,306.77	5,153.20	276,680.41	10,135.42	31,725.75
324,551.91	35,647.66	732,580.98	24,042.16	80,073.20
99,046.95	11,941.68	234,253.21	10,816.58	22,354.50
237,899.79	12,361.05	441,234.81	18,754.84	42,103.85
289,677.70	24,014.14	664,188.47	23,933.22	102,361.75
120,023.10	13,877.59	319,534.04	7,013.22	40,123.22
240,009.38	62,009.37	696,351.32	12,907.83	45,103.24
231,005.31	11,402.18	580,063.94	71,976.70	71,339.00
195,828.43	46,713.10	495,575.92	14,476.70	68,866.32
64,235.94	824.01	151,403.00	5,469.78	23,385.70
196,609.13	33,875.28	548,209.29	18,258.18	56,906.00
127,353.29	18,533.04	246,510.04	13,534.69	48,815.05
262,421.35	73,477.43	664,281.03	19,025.81	72,681.25
182,164.49	32,375.80	504,288.37	12,517.56	57,997.45
185,914.09	15,701.01	388,481.22	14,928.54	70,206.50
276,859.71	67,216.25	818,514.86	21,542.44	69,091.75
141,595.84	12,828.16	375,505.97	10,227.07	30,832.75
151,181.08	15,123.77	438,649.81	13,081.24	45,586.75
108,754.25	7,755.61	268,084.33	11,752.86	47,688.96
33,342.22	1,300.37	79,251.88	2,806.84	5,000.98
238,999.41	56,752.76	585,658.32	12,784.88	30,976.00
118,284.19	8,935.28	274,137.04	11,618.79	32,452.78
144,841.13	21,208.74	302,844.08	10,051.78	42,985.80
457,162.14	77,817.98	1071,580.69	32,547.57	120,765.14
184,416.75	18,803.14	420,195.45	18,548.15	47,964.60

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182,448.98	33,465.73	536,481.98	15,077.15	59,934.18
240,266.39	50,744.41	635,511.65	20,437.23	61,064.25
492,741.95	222,542.09	1272,763.45	28,094.82	98,547.04
241,286.30	23,415.09	554,806.00	19,293.27	76,261.07
336,827.30	62,927.20	816,161.37	26,620.46	99,141.83
11215219.25	2324,658.76	28219804.50	857,560.19	3102,087.75

\$	Special Assessments, City, Town, Village	\$	Special Assessment, County	\$	Total Special Assessments	\$	Grand Total of All Taxes
	2,359.02				2,359.02		327,653.21
	2,288.01				2,288.01		1110,068.97
	12,195.12		14,990.00		27,185.13		710,913.07
	13,396.45				13,396.45		154,197.74
	3,982.23				3,982.23		909,277.37
	83,549.30				83,549.30		443,650.40
	219,227.41		30,980.63		250,208.04		515,647.06
	5,664.08		1,100.92		6,765.00		942,633.06
	2,512.96				2,512.96		2281,799.74
	17,278.87				17,278.87		732,860.55
	2,748.82				2,748.82		538,820.17
	25,991.27				25,991.27		550,904.21
	37.00				37.00		474,711.72
	19,201.53				19,201.53		343,058.99
	10,621.41				10,621.41		475,671.79
	103,475.84		2,472.93		105,948.77		418,187.68
	6,470.66				6,470.66		291,604.66
	1,826.55				1,826.55		1447,887.90
	1,760.00				1,760.00		526,363.17
	5,293.27		3,679.26		8,972.53		371,940.84
	22,877.91				22,877.91		425,171.89
	151.20				151.20		414,528.42
	22,797.65				22,797.65		709,200.54
	6,493.72				6,493.72		318,541.58
	27,976.43				27,976.43		859,574.25
	19,398.91				19,398.91		267,575.49
	27,955.71				27,955.71		502,093.00
	360.00				360.00		813,281.09
	400.49		530.52		940.01		373,164.20
	4,956.32		4,797.64		9,753.96		782,338.32
	14,387.13				14,387.13		668,777.88
	13,185.69				13,185.69		606,874.65
	23,163.08				23,163.08		180,618.46
	24,538.34				24,538.34		592,313.98
	26.25				26.25		418,613.74
	5,067.28		32,570.21		32,570.21		770,354.72
					5,067.28		588,084.07
	11,404.14				11,404.14		496,759.34
	24,984.47				24,984.47		933,687.39
	29,858.58				29,858.58		416,092.04
	405.83				405.83		529,818.61
	6,844.07				6,844.07		327,573.42
	10,727.43				10,727.43		86,559.50
	137,375.74				137,375.74		620,823.34
	3,956.80				3,956.80		345,188.03
	28,027.71		11,672.78		39,700.49		415,331.16
	1097,200.69		102,803.89		1110,004.58		1254,751.98

According to a compilation of the State Tax Commissioner, in 1918 farm land exclusive of improvements bore 54.89 per cent of the total tax burden, while in 1919 it bore 70.36 per cent. In other words, in 1918 farm lands bore \$11,197,385.54 of the total tax burden while in 1919 the burden borne by them had increased to \$19,742,903.49; a total burden in 1918 of 77.22 per cent. This percentage indicates both the shifting of the tax incident and the increase in the tax burden. It means that the farmers' tax bill has been increased on his real estate by more than 77 per cent during the last year. **This important subject causes me to repeat:**

To be sure there are some offsets to this increase. There is a slight shift from farm personalty to other personalty. In 1918 farm improvements paid 1.967 per cent of the total tax burden. Assuming that that ratio would have held good in 1919, according to the State Tax Commissioner in 1918 farm personal property paid 9.183 per cent of the total burden or, \$1,873,332.00. Here also is a saving to the owner of acre property of \$864,454.00. Adding this to the saving on farm improvements we get a total saving of \$1,429,033.00. Deducting this from the total 1919 burden upon acre property we get \$19,742,903.00 offsetting the burden on farm land to that extent, we reduce it to \$18,313,870.00, or 64.45 per cent. **THIS FIGURE 64.45 PER CENT REPRESENTS THE ACTUAL AVERAGE INCREASE OF THE STATE IN THE TAX BURDEN UPON FARM LANDS.**

The following compilation made by Secretary L. A. Baker of the State Tax Commission indicates the distribution of the total tax burden for the years 1918 and 1919. It will be noted that there has been a decrease in the burden borne by every class of property except farm lands.

Percentage borne	Percentage borne
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	by several classes of property in 1918	by several classes of property in 1919
Farm lands exclusive of im- provements .....	54.89	70.36
Improvements on farm lands .....	1.967	
Town and city lots ex- clusive of improvements	3.802	3.395
Improvements on town and city lots .....	5.10	3.426
Personal .....	14.037	7.812
Railway .....	19.297	14.343

The Socialist press in combating the truth about the taxes time and time without number stated that the reason for the high taxes laid with the local board. Here is the truth about the rise in state taxes, county by county, **hail tax not included.**

Name of County	Total State Taxes 1918	Total State Taxes 1919
Adams .....	\$ 16,486.69	\$ 31,761.75
Barnes .....	63,363.14	151,792.32
Benson .....	34,643.28	74,109.90
Billings .....	9,863.46	17,683.48
Bottineau .....	43,032.30	74,690.28
Bowman .....	17,136.01	28,386.55
Burke .....	23,422.48	42,638.11
Burleigh .....	44,361.38	84,487.77
Cass .....	127,206.64	277,179.13
Cavalier .....	42,619.25	109,030.12
Diekey .....	37,104.00	81,478.27
Divide .....	22,087.69	38,818.76
Dunn .....	25,915.75	43,842.87
Eddy .....	18,634.86	45,385.16
Emmons .....	26,840.84	53,930.79
Foster .....	21,854.00	50,591.63

Golden Valley .....	17,081.20	29,748.26
Grand Forks .....	74,676.69	175,092.03
Grant .....	26,457.12	54,219.13
Griggs .....	27,201.23	64,898.19
Hettinger .....	19,827.79	36,302.51
Kidder .....	24,334.97	48,158.81
LaMoure .....	35,975.97	89,825.55
Logan .....	16,929.97	34,674.60
McHenry .....	43,736.31	79,496.80
McIntosh .....	19,643.49	41,865.86
McKenzie .....	19,409.47	35,580.36
McLean .....	33,189.49	64,859.72
Mercer .....	19,651.76	35,254.39
Morton .....	46,752.70	88,455.34
Mountrail .....	27,428.41	50,516.17
Nelson .....	34,426.56	82,930.74
Oliver .....	11,674.58	22,084.14
Pembina .....	40,107.94	101,038.46
Pierce .....	22,852.32	46,608.31
Ramsey .....	44,537.64	100,043.65
Ransom .....	28,508.94	71,256.20
Renville .....	20,022.95	36,357.29
Richland .....	64,444.98	153,457.72
Rolette .....	20,215.30	41,518.01
Sargent .....	29,703.74	65,588.70
Sheridan .....	16,628.75	32,179.34
Sioux .....	5,500.09	9,346.47
Slope .....	13,792.38	54,099.75
Stark .....	31,503.38	23,041.07
Steele .....	23,479.45	59,277.75
Stutsman .....	74,386.86	161,540.81
Towner .....	29,613.34	64,366.03
Traill .....	37,564.01	93,757.20
Walsh .....	52,986.72	129,835.20
Ward .....	63,336.31	109,850.60
Wells .....	35,909.64	79,092.37



Williams .....	41,027.43	70,561.66
Total .....	\$1,769,091.65	\$3,742,616.08

Any agitator who goes out into Minnesota, Montana or Utah and tells how the farmers of North Dakota were benefited by the Socialist regime in taxation deliberately lies. The above figures are official, taken from the records, **and are conclusive proof.**

Another bit of propaganda which they have been spreading is that even though North Dakota taxes have gone way up they have gone up in other states as well. The records show that in NO OTHER STATE IN THE NORTHWEST HAS THERE BEEN THE LARGE INCREASE THAT HAS OCCURRED IN NORTH DAKOTA.

The increase in taxes is alarming to the farmers. Something must be done to lull them into fancied security and therefore to distract the farmer's mind from the ultimate result the Socialist leaders find **"crook after crook" and "traitor after traitor."**

SURELY THE MEN WHOM THE SOCIALIST LEADERS ARE BRANDING ARE NOT ALL crooks, scoundrels, thieves and looters. As a MATTER OF FACT MOST OF THEM ARE THE BEST FRIENDS THAT THE FARMERS OF NORTH DAKOTA HAD DURING THE TRYING PERIOD OF THE LAST THREE YEARS.

## CHAPTER IX

**HOW THE LEADERS FEAR THE WITNESS STAND**

The Socialist leaders hate, oh so much, to be under oath. While they are shrewd, coldly calculating, and ghoul like in their desperate, almost animal like hate, of all honest opposition, yet when you get them in a position where they can be questioned, they become ridiculous, very small and to a man with average intelligence, contemptible.

For instance, here is Townley's testimony under oath given on the first day of May, 1918, when he was UNEXPECTEDLY ASKED A FEW ECONOMIC QUESTIONS. Townley poses as a great economic reformer, WANTING CERTAIN DEFINITE ECONOMIC CHANGES, YET UPON BEING ASKED BY THE ACTING CHAIRMAN TO DEFINE THE "INDUSTRIAL DEMOCRACY" WHICH HIS ENTIRE CAMPAIGN IN NORTH DAKOTA HAS BEEN BASED UPON for 4 YEARS, as shown on Page 79 of the hearing before the Committee on Military Affairs, he made the following statements:

Townley—"By an industrial democracy, I understand it to be an industrial condition that produces raw material and delivers it to the consumer without anybody on the way taking unjust profits, either for necessary or unnecessary service.

Acting Chairman—That is what they tried to do in Russia and that is what you commended?

Townley—I understand this is what they were trying to do in Russia. This is my interpretation of their activity over there. If you will permit me, I will state that I have a brother-in-law in Minnesota. I saw him

the other day and talked to him. He had a calf and the calf had died. He took the calf's hide into the market and got, I think \$3.25 for the hide. Now, a set of harness costs him nearly \$100.00. He fed that calf hay at the cost of \$15.00 a ton. That is not industrial democracy.

Senator Wadsworth—How old was the calf?

Mr. Townley—The hide weighed about 33½ pounds.

Acting Chairman—What would be industrial democracy as applied to that calf? (Laughter)

Townley—Well, that is just the way to get at it. We used some ago to be able to take a calf's hide from the farmer, pay him five or six dollars for it, and manufacture it into harness, and get the harness back for \$25 or \$30.

Senator Reed—When did you get \$5.00 for a calf's hide?

Townley—Well, there is a large difference between calves.

Senator Wadsworth—Was this the calf's skin?

Townley—Let us apply it to a full grown steer.

Senator Reed—They do not take a calf's skin to make harness.

Townley—Well, let us take a steer.

Senator Reed—You talked about getting \$5 or \$6 for the calf's hide and getting the harness back for \$25 or \$30. In the first place, everybody knows that you do not make harness out of calf's skin. At what period of the world's history was that true?

Townley—I have not the exact figures to discuss this thing definitely and say as to either now or twenty years ago. However, this calf's hide is made into harness, shoes or some kind of leather goods.

Senator Reed—When was it that you could get \$6 for a calf's hide and the harness would cost \$25 or \$30.

Townley—If the hearing is extended until tommor-

row, I might be able to dig up some definite information.

Acting Chairman—Wasn't that rather a reckless statement?

Townley—Let us amend it then.

Acting Chairman—How would you amend it?

Townley—I would amend it by saying that two or three or four years ago a calf's hide would bring about what it brings now, or more or less, but that the products made out of the calf's hide would sell to the people are paying now. Take the matter of shoes for instance.

Senator Reed—I thing that is a safe statement, because you say the calf's hide two or three years ago would bring the same as now, or more or less.

Townley—I am sorry we got talking about the calf. Let us talk about wheat. I know something about wheat.

Senator Weeks—I move we bury the calf (laughter)''.

Comment on the above would be useless. It speaks for itself. A man who would testify in this way **does not represent the farmers of North Dakota**. The rest of the testimony was all the same. **About wheat he knew even less than about the calf.**

The socialist leaders get wiser by their experience and when Townley was arrested and tried before a jury made up of twelve farmers at Jackson, Minnesota, for the crime of violating the state law against interfering with enlistments, Townley and his lawyers thought it would be better to let the other fellows do the testifying and so among the men they get there to testify in his behalf was John Baer, whom Townley had sent to Congress; John Hagen, Commissioner of Agriculture and Labor; W.A.Anderson, the Socialist Park Commissioner of Minneapolis, whom Townley afterwards got

Frazier to make Secretary of the Industrial Commission of North Dakota, and attorney for the Bank of North Dakota at \$5,000.00 per year, the same salary that the governor gets, and men of that stripe. **TOWNLEY DID NOT DARE GET ON THE WITNESS STAND HIMSELF.** Charged with crime, he didn't dare get up before those twelve farmers and give his testimony. **He didn't dare say that he was not guilty.**

**And why?**

**Why should any honest man fear to get up before twelve farmers and tell the truth?**

Last November, down at Fargo, I arrested Townley's Bank President, H. J. Hagan of the Scandinavian American Bank. He was tried before a jury, the majority of whom were farmers. This jury, like the one in Minnesota, was passed by Townley and his lawyers as entirely satisfactory. They had two pre-emptory challenges to every one the state had, and yet **Hagan didn't dare get on the witness stand.** Why? Facing the state penitentiary, with Townley's lawyers defending him, with James Manahan brought from St. Paul to defend his case and William Lemke assisting, they **didn't let Hagan get on the witness stand under oath.** The case was tried before a judge appointed by Governor Frazier, and even then they didn't let Hagan get on the stand.

Townley in a campaign speech, only a few weeks ago said "If Frazier is defeated for Governor, Frazier will go back to the farm and I will go to the penitentiary." At New Salem, only a little while ago, he said: "They say I am a crook, I admit it."

Has the day come in North Dakota when an honest man elected to office, when honest farmers doing an honest days work, when business men taking an honest profit when officials elected by the people of North Dakota are unable to go out and fight the profiteer,

and grain gamblers WITHOUT HAVING TO TAKE ORDERS FROM A MAN WHO ADMITS HE IS A CROOK?

William Lemke one of the executive committee of three which runs the Nonpartisan League, only a few days ago subpoenaed to appear before the court in the case of State of North Dakota vs. J. W. Brinton, was afraid to testify under oath. Lemke the man whose personal notes Mr. Brinton charged were sent by the Scandinavian American Bank to the Bank of North Dakota and accepted by Cathro, refused to testify.

Lemke afraid of the witness stand although Brinton, the late private secretary of Townley accused him in writing over his signature of being "CROOKED" WITH THE MEMBERS OF THE ORGANIZATION AND THE BANK OF NORTH DAKOTA.

Lemke who Mr. Brinton said was interested in a large number of corporations, the paper of which "FOUND ITS WAY INTO THE STATE INSTITUTION" AND WAS ACCEPTED BY MR. CATHRO, RENIGED.

LEMKE WHO MR. BRINTON CHARGED WAS BORROWING FUNDS OF THE STATE BANK OF NORTH DAKOTA TO PROMOTE VARIOUS ENTERPRISES DID NOT DARE GET ON THE WITNESS STAND.

WHY?

Was Lemke afraid HE WOULD BE ARRESTED FOR PERJURY?

Was Lemke afraid that under oath he would have to ADMIT THAT HE HAD BORROWED HUGE SUMS OF MONEY FROM THE BANK OF NORTH DAKOTA FOR HIS PRIVATE CORPORATIONS?

Was Lemke afraid he would be questioned about how the SCANDINAVIAN AMERICAN BANK OF FARGO

SENT HIS PERSONAL NOTES TO THE BANK OF NORTH DAKOTA?

Was Lemke afraid that his late associate Mr. Brinton HAD "THE GOODS" ON HIM?

Did Lemke fear Brinton's cross-examination?

Was Lemke afraid that he would have to admit THAT CATHRO WITH HIS CONNIVANCE HAD LIED TO THE PEOPLE?

Was Lemke afraid that Brinton would ask him about the \$60,000 that was sent to the bank at Minneapolis so that Lemke and Townley could in turn indirectly borrow it?

WOULD ANY HONEST MAN OF NORTH DAKOTA, IF HE HAD NOTHING TO CONCEAL BE AFRAID TO GET ON THE WITNESS STAND IN RESPONSE TO A SUBPEONA?

Why should Lemke, A LAWYER, be afraid of Brinton WHO IS NOT A LAWYER?

F. W. Cathro was subpoenaed in this same law suit. He brought with him when he came into court, W. A. Anderson, a socialist lawyer from Minnesota, who is on the pay roll at \$5,000.00 a year. Anderson objected to Cathro testifying at all. The record shows that he told Cathro not to answer questions dealing with the Bank of North Dakota, some of the money of which Brinton ACCUSED CATHRO OF EMBEZZLING.

The record shows that Cathro answered only when the court compelled him to, and Cathro admitted under oath that in April 1919, at the very time when the farmers of North Dakota were notified that the loans could not be made, (they said because the Bank of North Dakota did not have any money,) that the Bank carried APPROXIMATELY FOUR MILLION DOLLARS ON DEPOSIT IN THE FIRST NATIONAL BANK OF MINNEAPOLIS, and Brinton charged him

with carrying MILLIONS OF DOLLARS MORE IN OTHER BANKS.

Why did Cathro and the League leaders have Anderson there telling Cathro how to answer IF IT WAS NOT TO HIDE THE TRUE CONDITION OF THE BANK?

Did Cathro not want to testify so that the farmers would not know that he had taken millions of dollars from the banks OF NORTH DAKOTA WHICH WOULD PAY FOUR PER CENT INTEREST AND SENT THE MONEY TO BANKS OUTSIDE THE STATE WHICH PAID TWO PER CENT?

Brinton charged and charged openly in court that Cathro and others received the benefit made from those huge deposits beyond our borders, AND CATHRO DID NOT DENY IT.

Why in that trial was the socialist attorney for the Bank of North Dakota afraid to let in any testimony about the BANK OF NORTH DAKOTA SENDING AN EMPLOYEE AT STATE EXPENSE TO FLORIDA.

Down in Jackson, Minnesota, Townley charged with a crime that during time of war in my opinion is worse than murder, DID NOT DARE GET ON THE WITNESS STAND!

Why?

Was he afraid that they would ask him about his connection with Debs?

Was he afraid that they would ask him about the connection of Bill Haywood?

Was he afraid that the prosecuting attorney would ask him to explain why D. C. Coates "Foxy Dave," was brought into North Dakota; the same "Foxy Dave" who in 1905 had helped Bill Haywood organize the I. W. W.?

Was he afraid that he would be asked about the



DEAL he attempted to put over with Industrial Union No. 400 OF THE I. W. W.?

Was he afraid that he would be asked about the committee he appointed to meet a COMMITTEE APPOINTED BY THE I. W. W. IN FURTHERANCE OF A COMMON PURPOSE?

Was he afraid that he would be asked how he sent a personal representative to meet with the I. W. W. to get their support?

Was he afraid he would be asked about the meetings he arranged to put over the I. W. W. deal in which John Hagan and "Foxy Dave" were involved?

Was he afraid that if he were on the witness stand that he would have to admit that if his bargain with the I. W. W. had gone through that the farmers of North Dakota would have had to pay from five to six dollars instead of three to four dollars in 1917 for a days work?

Was he afraid that the agreement with the I. W. W. would BECOME PUBLIC? The agreement whereby the LEAGUE FARMERS OF NORTH DAKOTA WOULD HIRE ONLY MEMBERS OF THE I. W. W. TO WORK FOR THEM IN EXCHANGE FOR WHICH THE I. W. W.'s AGREED TO WORK ONLY FOR FARMERS WHO BELONGED TO THE LEAGUE?

Was he afraid that he would be asked about the letter written by his Executive Secretary to Bill Haywood?

Was he afraid of being asked under oath about the trip that he took to attend the American Federation of Labor meeting, at Buffalo, New York, where he went to attack Sam Gompers?

Was he afraid of having to admit under oath that he was in favor of the "revolution" advocated by his executive secretary in writing and which was endorsed by Governor Frazier in a labor day speech at Bismarck

North Dakota, a year ago. The Governor taking the words out of Townley's mouth, when he advocated a revolution by force, provided the majority of the people voted the other way?

And in the trial at Bismarck, when I as Attorney General offered to let him name any attorney in the state of North Dakota to prosecute Mr. Brinton, the attorney being thus able, as Assistant Attorney General to arrest Brinton in any county in the state, and try him before any jury in the state, Townley was afraid to accept and replied that it was a "frame up."

I ask any honest man how it could possibly be a "frame up", when Townley could name Lemke to prosecute Brinton and arrest him in any county and try him before a jury he, as attorney, could select?

Wasn't the truth rather that Townley was afraid to get on the witness stand under oath where Brinton could ask Townley whether HE USED OUR MONEY TO BUY 22,040 ACRES OF LAND IN FLORIDA?

Wasn't Townley afraid that he would be asked to explain whether his Private Secretary O'Leary was wiring OUR MONEY TO FLORIDA, OR TOWNLEY'S —ALTHOUGH TOWNLEY WAS JUST GOING THROUGH BANKRUPTCY AT THE TIME?

Was he afraid of being asked whether Jack Hastings his former financial secretary, the man whom he has called a crook, since the expose of the Valley City Bank deal, has either directly or indirectly ONLY LATELY been under his pay or that of his allied associations?

Was he afraid of being asked about the "shake down" meeting dealing with the Scandinavian American Bank of Fargo?

Was he afraid of being asked to explain how it happened that Hastings, his financial secretary at that time, and the Hastings outfit got approximately \$20,000

for one weeks work in the organization of the Valley City Bank.?

Was he afraid of being asked to explain how it happened that Hastings stated to the Banking Board that HE WAS SENT TO VALLEY CITY BY TOWNLEY?

Was he afraid of being asked to explain how it happened that they were obliged to return the \$15,026.91 GOTTEN FROM THE FARMERS IN THE SAME DEAL—HOW MR. HALL AND I MADE THEM RETURN IT TO THE FARMERS?

Was he afraid he would be asked to explain how it happened that Cashier Aamoth of Valley City testified UNDER OATH that Box told him that after Olson got his share, the balance of the \$15,026.91 was to be divided into four parts and that after he and Hastings had GOT THEIR SHARE TOWNLEY AND LEMKE GOT THEIRS?

Was he afraid he would be asked to explain how it happened that four checks were written and cashed which actually did divide the \$15,026.91 that way?

Was he afraid he would be asked to explain how it happened that Bank Examiner Halldorson whom Loftus has fired for being honest, assisted in getting Hall and myself in getting the evidence in that deal?

Was he afraid he would be asked to explain how it happened that in addition to the \$20,000 commission and \$15,026.91 that was taken that they also had to pay in cash amounting to \$36,375, to replace notes that were either worthless or nearly worthless?

Was he afraid of being asked to explain how it happened that although Waters testified before the Federal grand jury at Fargo, and presumably told all he knew to the Federal Grand jury that after he testified there he wrote to H. J. Hagan of the Scandinavian American Bank saying that if Hastings was looking for

trouble he would find it "because Hastings is not out of the woods yet. **THERE ARE STILL SOME THINGS TO COME BEFORE THE FEDERAL GRAND JURY?"**

Was he afraid that he would be asked to explain how it happened that "his governor" voted "no" when it came to taking the farmers and public into our confidence and showing all the banking board records of the Valley City deal to them?

Was he afraid that he would be asked to explain how it happened that Waters said that everything in the Valley City Bank deal was "**legitimate, fair and honest,**" and how six weeks after that he was taking the credit for bringing the graft to the light of day?

Was he afraid that he would be asked to explain how it happened that Waters was made manager of the Bank of North Dakota to handle from twenty to thirty million dollars of our school, village, township, city and state funds, all your tax money?

Was he afraid that he would be asked to explain how it happened that Waters, who had run a livery stable in Iowa before he came to North Dakota, and who never ran a bank a day in his life, was made bank examiner?

Was he afraid he would be asked to explain how it happened that Waters, Townley and Congressman Baer were pals at Beach?

Was he afraid that he would be asked to explain how it happened that Halliday, for Waters, 'tipped off' the Scandinavian American Bank whenever an examination was to take place?

Was he afraid that he would be asked to explain what Halliday meant by 'shoot it to the other league banks and take it back later'?

Was he afraid that he would be asked to explain how it happened that thousands of dollars of the state

money was in the Scandinavian American Bank of Fargo?

Was he afraid that he would be asked to explain how it happened that the United States Sisal Trust of which Waters is the manager and which was not admitted to do business in North Dakota could illegally borrow \$12,000.00 from the Scandinavian American Bank?

Was he afraid that he would be asked to explain how it happened that Cashier Sherman borrowed nearly \$13,000 and H. J. Hagan the president of the bank borrowed over \$10,000 contrary to law?

Was he afraid that he would be asked to explain how it happened that the excess loans alone amounted to over \$734,000 although the bank had a capital of but \$50,000?

Was he afraid that he would be asked to explain how it happened that there was nearly \$170,000 in notes listed as assets in the bank which were past due paper?

Was he afraid that he would be asked to explain how it happened that about \$104,000 worth of this paper was in the hands of lawyers, not banks, for collection?

Was he afraid that he would be asked to explain how it happened that in addition to the above they had over \$46,000 in bad debts?

Was he afraid that he would be asked to explain how it happened that over a quarter million dollars of collateral which was supposed to be in the bank as security for notes signed by some of the dumpies, was not there at all?

Was he afraid that he would be asked to explain how it happened that a woman in the employ of Townley's outfit, had free access to the bank and had

charge of hundreds of thousands of dollars worth of collateral and that the woman was not even bonded?

Was he afraid that he would be asked to explain how it happened that P. R. Sherman, cashier of the bank, certified to the bank after bank in North Dakota that there was \$2,000 worth of collateral for every thousand dollar note that Townley's gang could induce some banker to sign, when as a matter of fact Sherman knew that that much collateral was not there?

Was he afraid that he would be asked to explain how it happened that the Scandinavian American Bank had 57 shares of stock illegally as collateral to notes in their own bank?

Was he afraid that he would be asked to explain how it happened that he himself could take thousands of dollars in notes given to the Consumers United Stores company on his collection trip and there deceive the farmers by saying that 'Big Bis' says that your note was sold. It was not sold at all. "Here it is?"

Was he afraid that he would be asked to explain how it happened that the attorney general was not allowed to proceed before Judge Cole to show up the real situation of the Scandinavian American Bank as Section 7990 and 8004 C. L. 1913 of the law provides?

Was he afraid that he would be asked to explain how it happened that he, Townley, in March, came over his signature in the North Dakota Leader, saying that the league was not in any way interested in banks, then suddenly got the farmers together to 'save their bank' although the record shows that scarcely a single "honest to God" farmer was in any way involved with the \$734,000 in excess loans of the bank, but that the majority of the loans were made to Townley and his tools?

Was he afraid that he would be asked to explain how it happened that he was claiming that the farmers

credit was being attacked when as a matter of fact it was his rotten companies and his miserable management that was at issue?

Was he afraid that he would be asked to explain the A. M. Grosvernor deal, and its connection with Box?

Was he afraid that he would be asked to explain about the Porter Kimball line?

Was he afraid that he would be asked to explain how his Scandinavian American Bank kited its accounts with the Bank of Commerce and Savings Bank of Duluth, Minnesota?

Was he afraid that he would be asked to explain how it happened that the two deputy bank examiners both appointed under Frazier made a report saying that the only way that Mr. Hall and I could safeguard the stockholders and guaranty fund was by immediately closing the doors of the institution?

Was he afraid that he would be asked to explain how in a supplementary report, a few days later, these same two deputy bank examiners said that the bank was 'hopelessly insolvent'?

Was he afraid that he would be asked to explain how it happened that Sherman as cashier of the bank wrote to him, Townley, who is not an official of the state of North Dakota, for the half a million of state money, which he, Townley, had promised Hagan?

Was he afraid that he would be asked to explain how it happened that Sherman, cashier of the bank, asked him, Townley, as early as May to send HALF A MILLION DOLLARS OF THE TAXPAYERS MONEY TO SAVE THE BANK FROM EMBARRASSMENT AND DISGRACE?

Was he afraid that he would be asked to explain how it happened that state money had time and time again been sent them to help 'tide them over'?

Was he afraid that he would be asked to explain how it happened Halliday, who wrote for Waters 'tipping off' the Scandinavian American Bank, was promoted from a \$125 job as clerk to a \$250 job in the Bank of North Dakota?

Was he afraid that he would be asked to explain how it happened that Mr. Halldorson, who was appointed receiver by the banking board, at our request put up a \$100,000 surety bond before he took over the bank and how the receiver put in chage by the supreme court put up no bonds at all as receiver?

Was he afraid that he would be asked to explain how it happened that the Scandinavian American Bank had been warned time and time again TO GET ITS AFFAIRS IN SHAPE OR TAKE THE CONSEQUENCES?

Was he afraid that he would be asked to explain how it happened that the Haggerty notes amounting to \$47,000 had been ordered out of the bank time and time again, months ago, how they became past due and had never been removed and were still in the bank when the receiver took charge?

Was he afraid that he would be asked to explain how it happened that it was necessary to sell shares of stock in the protected bank at \$210 a share although the bank was hopelessly insolvent?

Was he afraid that he would be asked to explain how it happened that the notes sent to the bank of Commerce and Savings of Duluth indorsed without recourse to the amount of eighty or ninety thousand were right back again within a few days after examination of the bank?

Was he afraid that he would be asked to explain how it happened that over \$37,000 in notes which were returned Sept. 3 were not entered on the books at all



but were carried as a 'cash item' to deceive the deputy bank examiners?

Was he afraid that he would be asked to explain how it happened that Hagan and Sherman, the president and cashier of the bank were arrested on the complaint of Deputy Bank Examiner Halldorson by state's Attorney W. C. Green of Cass County?

Was he afraid that he would be asked to explain how it happened that when some of our neighbors from Morton County, members of the league, went down to Fargo to ASK FOR DEMOCRACY WITHIN THE LEAGUE, that Jim Manahan of St. Paul found it necessary to talk 25 minutes to tell them funny stories and what traitors Hall, Kositzky and Langer were?

Was he afraid that he would be asked to explain how if bad loans were taken from the Scandinavian American Bank and shot over to the Bank of North Dakota, that the tax payers of NORTH DAKOTA MUST ULTIMATELY MADE THEM GOOD?

Was he afraid that he would be asked to explain how it happened that although the FARMERS PAY ALL THE MONEY THAT TOWNLEY HAS ALL THE CONTROL?

Hastings the financial secretary of Townley and Brinton, Townley's former private secretary, testified about these crooks and grafters, and the MEN THEY CALL CROOKS AND GRAFTERS ARE AFRAID TO GET UNDER OATH IN A COURT OF LAW.

THEY ARE AFRAID OF THE TRUTH. THAT IS WHY A. C. TOWNLEY IS RUNNING HIS PRIVATE LAWYER, WILLIAM LEMKE, WITH WHOM HE CONTROLS THE LEAGUE FOR ATTORNEY GENERAL OF THE STATE—RUNNING HIM TO BLOCK THE INEXORABLE WHEELS OF JUSTICE.

This is the same Lemke, who his associate and Townley's late private Secretary Brinton, says is president of the Courier News.

Manager and owner of the Publishers National Service Bureau which controls all the League weekly papers in the state."

"Executive committeeman and attorney for the Non-partisan League in 14 states."

"Owner of 70 per cent of the stock and director of the Consumers United Stores company."

"Attorney for the Bank of North Dakota."

"Lately chairman of the state republican committee."

"Manager and part owner of the Scandinavian American Bank."

"Attorney for the Mill and Elevator association."

"The Home Building association and the Compensation Bureau."

"Promoter of a large land enterprise in Mexico."

"Attorney for A. C. Townley in the Florida plantation enterprise."

"Former law partner of Supreme Court Judge Robinson."

"Business associate and school mate of Governor Frazier."

"Brother-in-law of Board of Administration Member Muir."

"Organizer and part owner of Grand Forks American, Minnesota Daily Star."

"Attorney for Townley in his bankruptcy proceedings."

"General attorney and supervisor of all Non-partisan League activities in 14 states."

This is the same Lemke who claims that HE saved

the state in the Standard Oil Company case—when the court records show that before he or Seth Richardson ever appeared in the case—that every step had been won including the preliminary injunction before three Federal Judges in St. Paul.

This is the same Lemke who was at Bismarck when the Standard Oil Company sent their smooth, suave lawyers up there and GOT THE LAW CHANGED SO SATISFACTORILY THAT THEY DROPPED THEIR LAW SUIT.

This is the same Lemke who in the secret recesses of Ed. Patterson's hotel at Bismarck makes "deals" with the Alex McKenzie crowd while gayly eating their food and drinking their drinks! Oh how McKenzie must hate him .

This is the same Lemke who knowing that as Attorney General I had gotten Frazier, Packard and Bronson to meet the best engineers on public utilities in the United States (Hagenah and Erickson of Chicago the former engineers for Senator Robert LaFollette) so that the state of North Dakota could value the railroads on the same basis for rate making and taxing purposes and the railroad interests got the legislature to take from my office \$69,000 so that without money it would be impossible to hire experts to investigate and make a proper showing on freight rates—\$30,000 a day lost to the farmers" says Lemke—now "You must elect me to beat the railroads."

This is the same Lemke whose friend Jim Manahan tried to "stick" the people of this state on an electrification line deal "so that they would pay interest on a million dollars more than the property was worth—a deal that failed because of the filed reports of Hagenah and Erickson made under contract with me before Lemke took the \$69,000 away!

And Frazier knows this and Townley knows this, much RESPONSIBLE AS ANY OTHER PERSON for and Lemke knows this—and LEMKE WHO is as THE RATES BEING BOOSTED SEVERAL MILLION DOLLARS A YEAR BY HIS RAILROAD COMMISSION—IS RUNNING FOR ATTORNEY GENERAL!

ALEX MCKENZIE DOESN'T COME TO BISMARCK FOR NOTHING!

I am talking "straight talk" arrest me! I defy them to!

And McKenzie's water rates in Bismarek! The people petition Lemke's Railroad Commission for lower rates from Alex McKenzie's water company and McKenzie hires who for his lawyers?

The Nonpartisan Senator from McLean County, Robert Frazier, **Lemke's chum.**

And Alex McKenzie get an increase of 60 per cent in the rate—and the people either have to appeal or pay it!

And then Lemke says "I will investigate the Railroad Commission."

MCKENZIE AND LEMKE—LEMKE AND MCKENZIE—it doesn't matter to the common people whose name you write first.

And Townley riding in the Pullman with Alex McKenzie and registering with McKenzie at the McKenzie Hotel, as he did a few weeks ago, wonders how many organizers are out "getting the money" and now long it will be before the inevitable awakening will come!

AND WHEN IT COMES LEMKE MUST BE ATTORNEY GENERAL—CROOKS NEED PROTECTION.

THEY WANT NO ONE BUT LEMKE TO HAVE  
THE POWER TO PLACE THEM ON THE WITNESS  
STAND!

## CHAPTER XII

**SMASHING TOWNLEY'S GREAT BANKING  
SCHEME**

Some months ago the great insolent, people be damned" socialist political machine was at its height. The Socialist leaders had the destiny of the State of North Dakota in the palms of their hands. They had such control of the legislature that they passed seventeen million dollars worth of bond issues AND TO FIFTEEN MILLION IN DEFIANCE OF THEIR WRITTEN PROMISES ATTACHED EMERGENCY CLAUSES which meant that they controlled two thirds of the House of Representatives and two thirds of the Senate.

These men could pass a measure with an emergency clause attached and make new laws almost over night. So powerful was this organization that they had laws passed which gives TO THEIR TOOLS, THE GOVERNOR AND JOHN HAGEN, COMMISSIONER OF AGRICULTURE AND LABOR THE POWER TO CREATE AS MANY JOBS AS THEY WISH, THOUSANDS OF THEM IF THEY SO DECIDE AND THEY CAN FIX THE COMPENSATION THEY CHOSE FOR THOSE WHOM THEY APPOINT TO THESE POSITIONS. Honorary positions were placed within the gift of the Governor—for a little position of honor so often tickles the vanity of the recipient and makes him a "GOOD FOLLOWER."

The newspapers compulsorily financed by the counties for a period of eighteen months were in their control. If a man dared to utter a word of criticism against the socialist leaders they could WIPE HIM OUT AS THEY WOULD A FLY. The Consumers United Stores Company not in control of the farmers

but of three of Townleys employees, not one of them a farmer, according to HIS FINANCIAL SECRETARY gathered in \$1,100,000 of money and notes—but BEST OF ALL the stores offered a place for the distribution of their propaganda a PLACE WHERE THE MANAGERS COULD INSIDIOUSLY STICK POISONOUS DAGGERS IN THE BACKS OF HONEST MEN WHO REFUSED TO BOW DOWN TO SOCIALISM.

The Bank of North Dakota into which UNDER PENALTY OF GOING TO JAIL THE TREASURER OF THE STATE, OF EVERY COUNTY OF EVERY SCHOOL DISTRICT, CITY, VILLAGE AND TOWNSHIP HAD TO PLACE EVERY CENT of the taxpayers money was in control of the Socialists, a control so thorough that, with impunity, they could if they wished remove the manager over night, a control SO SECRET that no one but their tool, O. E. Lofthus, The Socialist Bank Examiner, could examine into what the men running that bank—as a member of the Industrial Commission I was SUPPOSED TO BE ONE OF THEM—were doing with the millions of dollars.

Truly the New Day had dawned brightly for the Socialists—while the farmers weary from labor were trusting their SELF-APPOINTED leaders. BUT AUTOCRATIC POWER IS INSATIABLE! The socialist leaders were yet hungrily casting jealous eyes on what little remnant of strength was left to the opposition. The Bank of North Dakota contained chiefly the public money the individual deposits were being deposited by the people in banks privately owned and the leaders implacable in their hate of any thriving business which they did not control themselves EVOLVED A GREAT SCHEME TO PUT THOSE BANKS OUT OF BUSINESS.

If they could eliminate these institutions which Townley has always accused of being the back bone of the

strength of the opposition to him, **THEY WOULD BE SUPREME—THEY WOULD HAVE THE FARMERS IN THEIR GRASP FOR YEARS TO COME!**

Townley's scheme was the organization of a chain of two hundred banks in North Dakota. The scheme was first suggested to him by his former financial secretary, J. J. Hastings, a young man with almost uncanny financial ability. It was suggested to Townley at the the Gardner Hotel shortly after the Valley City Bank deal was exposed, and the socialist leaders acted on the suggestion, with marvelous rapidity.

First of all they imported a radical from San Francisco by the name of Cutting. Next Townley and Cutting proceeded to call upon various of their senators and representatives and with the assistance of these men small meetings of farmers were called. Some of these meetings were addressed by Townley himself—other times he was absent—when he was present he told the farmers among other things that "Big Business" was in conspiracy to see to it that the farmer would be short of money, that "Big Business" would refuse to make them new loans, and would call in the loans that they had extended to the farmers when they became due and that the only solution of the difficulty for the farmers was for **THE FARMERS TO ORGANIZE BANKS.**

With the Bank of North Dakota in full operation and with the Scandinavian American Bank of Fargo as a big central bank, Townley felt that he could put the scheme over. He had meetings and either organized or partially organized banks at Carrington, New Rockford, Sheyenne, Bowdon, Woodworth, Northwood, and at other places. Eleven of these banks were in the process of organization, three of them actually organized before the Attorney General became



aware of his latest attempt to control the financial affairs of all of the farmers of North Dakota. With only 53 counties in the state, he would have approximately four banks to a county, with the Bank of North Dakota with its millions of dollars of public money so under his control that he could deposit the public funds in the institutions he organized.

TOWNLEY, OF COURSE, NOT THE FARMERS, WAS GOING TO HAVE CONTROL OF THESE BANKS. In detail the scheme was as follows: Some time before, Townley had organized a corporation known as the League Exchange.

The object of this corporation was that it should be a sort of a holding company and more particularly it was organized to finance the socialists. This organization had purchased 57 shares of stock in the Scandinavian American Bank of Fargo and in violation of the Banking laws of the state placed said stock as security in the Scandinavian American Bank from which it borrowed money to buy it.

The League Exchange Townley controls through F. B. Wood, who is its head man.

Townley's plan and he carried it out was to have the farmers put up either cash or notes for 49 per cent of the stock in a bank.

The League Exchange would put in a note for the 51 per cent.

Say this Bank was at Bowdon. Townley would take these notes of the farmers to the bank, say at Carrington. And it was Townley's idea that the Bank of North Dakota would deposit enough money in the Scandinavian American Bank of Fargo could carry the Carrington Bank, and thus get it to give him the money to put into the bank at Bowdon; the next bank, say the one at Northwood would repeat the process and

Townley would this time take the notes to Bowdon, instead of Carrington.

With the State Bank of North Dakota doing the financing through the Scandinavian American Bank of Fargo, it was Townley's plan that this process would be repeated and repeated the chain of 200 banks was going.

The bank in each place would of course be known as the farmers bank. 49 per cent of the stock being held by farmers in that locality. 51 per cent would be held by the League Exchange controlled by Townley through F. B. Wood. And so WITHOUT PUTTING A SINGLE DOLLAR INTO ANY ONE OF THE 200 BANKS IT WAS TOWNLEY'S SCHEME THAT THROUGH THE USE OF THE PUBLIC MONEY THE BANK of North Dakota and the institution called the Scandinavian American Bank of Fargo he would be able to name the officers in all of these 200 banks and be able to dictate to whom loans should be made and to whom they should not be made. MORE PARTICULARLY TO WHOM THEY SHOULD NOT BE MADE.

As soon as I became familiar with what he was trying to "put over" I at the next meeting of the State Banking Board brought the matter to the attention of the Board, with the result that after an extended discussion—in spite of Governor Frazier's protest—Secretary of State Hall, and myself voted to warn the farmers of North Dakota against this banking scheme and a resolution was passed WITH GOVERNOR FRAZIER VOTING "NO", asking that I as attorney general WARN THE FARMERS AGAINST THIS FORM OF BANK ORGANIZATION.

And thereafter on October 1, 1919, I sent out the following warning:

STATE OF NORTH DAKOTA  
Office of Attorney General  
BISMARCK

William Langer, Attorney General.

October 1, 1919

Dear Sir:—

At the weekly meeting of the State Banking Board, I as Attorney General, was directed by the State Banking Board to warn the farmers and others against buying stock in banks which they do not control after organization.

The Banking Board has information that the organization of two hundred banks was contemplated, and that the controlling interest in all of these banks would not be in the hands of the farmers, but in one corporation, and farmers would have no voice in the selection of managers or officers of the bank.

The resolution adopted in full, is as follows:

"Moved by Mr. Langer, that whereas information has come to this State Banking Board that A. C. Townley and a man from San Francisco by the name of Cutting, are out among the farmers of this State, organizing banks, which are so organized that a corporation controlled by A. C. Townley owns 51% of the stock in each bank with the result that the farmers putting their money in, will have nothing to say about the actual operation of the bank, who will be the officers, what kind of notes it should take, etc., and

"WHEREAS, the Banking Board considers the double liability of the League Exchange valueless and.

"WHEREAS, banks organized as outlined above are inimical to the best interests of the State Guarantee Fund.

"BE IT RESOLVED, that a warning be sent out by the Attorney General of this State, warning the farmers of this form of bank organization, and further that the Board urge the farmers that wherever they feel that a bank is needed, that they subscribe to all the stock themselves, that when they put their money into a bank that they have something to say about who is running it, the kind of notes to be accepted that they elect their own Board of Directors and not be subject to dictation of any person or corporation, and further that the Board assures the farmers that they will do everything they possibly can to assist in the organization of banks which are actually controlled by the farmers themselves."

For your information I desire to state that this resolution was not adopted unanimously: Secretary of State Thomas Hall and myself voting "yes" and Governor Frazier voting "no".

This resolution in no wise prevents you from buying stock in any bank or banks you wish. It simply tells you that your State Banking Board considers it unsafe and unwise to yourself, and dangerous to the State banking system, if you do. The reason for this is that the corporation has not sufficient property to meet the double liability fixed by law in case of loss, whereas your property would be liable for 100 per cent

of the value of the stock you purchase besides the money you pay for the stock itself.

You understand that personally it is entirely immaterial to me whether you buy stock or not. I take it you know your business better than I do. This letter is simply written you officially in line of my duty.

Very truly yours,  
William Langer.  
Attorney General.

One of the arguments for permitting Townley to put the scheme over was that the State Bank Guaranty Act would protect the depositors. No statements could be more fallacious **THAN THAT THE STATE GUARANTEES BANK DEPOSITS PLACED IN AN ORDINARY STATE BANK.**

#### **IT DOES NOT.**

All the state does is to levy an assessment of 1-20 of 1 per cent each month on the daily deposits in each state bank. This assessment compels each state bank to set aside in each local institution what is known as a Bank Guaranty Fund, and when a bank becomes insolvent the state guaranty board levies an assessment against each bank against this fund made up of the levy of 1-20 of 1 percent. **BUT THIS FUND IS LIMITED BY LAW TO LEVIES 1-20 OF 1 PER CENT, UNTIL THE FUND REACHES ANE PERCENT OF THE AVERAGE DAILY DEPOSITS.**

The law itself is as follows, being part of Section 7 Senate Bill 217 of Session Laws for 1917.

“One-Twentieth of one per cent of the average daily deposits as shown by the first statement of such average daily deposits required to be made and filed by the provisions of this section.

“For each and every year thereafter one-twentieth of one per cent of the average daily deposits as shown by the statement required to be made and filed under the provision of this act in each year, until the total amount of money in the Guaranty Fund reaches one

percent of the average daily deposits; provided, however, that said depositors Guaranty Fund Commission should have power to make and levy additional assessments of one-twentieth of one percent, but not to exceed four such additional assessments shall be made in any one year."

When that small fund is wiped out, say by three or four banks becoming insolvent, then the depositors would have to wait until the fund grew again, and you can readily see that if 40 or 50 banks become insolvent that it would be years and years before the fund would be large enough to pay up the depositors.

And any one could easily understand that the great danger of Townley's scheme was that if one bank of his chain went broke it WOULD HAVE TO NECESSARILY CALL FOR THE MONEY FROM THE BANK WHICH HAD ITS PAPER PLEDGED TO IT, AND THAT BANK IN TURN WOULD HAVE TO CALL ON THE NEXT BANK, WITH THE RESULT THAT THE WHOLE CHAIN OF BANKS WOULD CRUMBLE.

The warnings sent out did the business.

Townley's scheme faded over night. Cutting left. The ghastly Scandinavian American Bank exposure came shortly. The socialists fled for shelter. Townley did not get the Farmers Money.

I as Attorney General later convicted President Hagan of the Scandinavian American Bank. The Judge appointed by Governor Frazier later set aside the conviction although he had presided through the entire course of the trial. Hagan the crook whom Townley's lawyers saved was also by appointment of Frazier, Chairman of the State Guarantee Board and on the 24th day of October, in the face of their lying newspapers attacks I issued my now famous challenge to Townley to DEBATE ME IN THE AUDITORIUM

AT FARGO, A CHALLENGE WHICH TOWNLEY HAS REFUSED TO ACCEPT, ALTHOUGH IT HAS BEEN HURLED AT HIM FROM PRACTICALLY EVERY COUNTY IN NORTH DAKOTA. A CHALLENGE WHICH WILL STINGINGLY RING IN THE EARS OF THE HONEST FOLKS OF THE STATE WHEN THE SCALES OF MISUNDERSTANDING AND HATE AND PREJUDICE FOSTERED BY THE SOCIALIST NEWSPAPERS WILL HAVE FALLEN FROM THEIR EYES.

### THE CHALLENGE

TO A. C. TOWNLEY, I hereby challenge you to meet me in public debate at Fargo, to debate the following:

1. The Valley City Bank deal.
2. The looting of the Scandinavian American Bank.
3. The Minnie J. Nielson controversy.
4. Why J. R. Waters was appointed bank examiner and later manager of the Bank of North Dakota.
5. That the organization of the Nonpartisan league is not democratic, but that you are as autocratic absolutely controlling the same.
6. The committee on arrangements is to be selected in the following manner: I to select one, A. C. Townley to select one, and these two to select the third.

I promise to treat you like a gentleman and you can treat me any way you want.

**This challenge is to you, and you alone.** You will not be permitted to substitute for yourself, the night of the debate, either Victor Berger, Walter Thomas Mills, Kate Richards O'Hare, Lynn J. Frazier, Emma Goldman, Bill Haywood, or anyone else.

Yours truly,

William Langer.

## CHAPTER XIII

FREE LOVE AND THE SCHOOLS OF NORTH  
DAKOTA

The Farmers of North Dakota are neither FREE LOVERS NOR ATHEISTS! SOME OF THE MEN EITHER IN CONTROL, OR APPOINTEES, OF THE SO CALLED FARMERS' ORGANIZATION ARE! And when the truth is told about these men they lie and tell the farmers that "THEY SAY YOU ARE FREE LOVERS AND ATHEISTS.

At the last special session of the legislature, Representative Burtness of Grand Forks, who has since beaten the Nonpartisan congressman, John Baer, made the statement on the floor of the House, that he had made an investigation of the state library and he had found not only a bunch of Socialist books but also several written by Ellen Keyes, and other authors of that type and that these books on free love and kindred topics were intended to be sent out to the school children of North Dakota in what is known as the traveling library.

Immediately there was a demand for an investigation. The Socialist leaders controlled the lower House and of course named the investigation committee.

The committee found that a lady from New York City by the name of Miss Anna Peterson was in charge. She had been engaged by Geo. A. Totten, chairman of the Board of Administration, through correspondence with Professor Chas. A. Beard of New York City. The Board of Administration had also employed one C. E. Stangeland, a Socialist of more or less notorious reputation, not only in the United States

but in other countries. Under oath Stangeland testified that the Professor Beard mentioned was the one who went his bail when he was in jail in New York City on charges of disloyalty.

The charges made by Mr. Burtness were investigated. The records showed that the books had been purchased from Chas. E. Kerr, 341 East Ohio St., Chicago, Ill., which is probably the largest Socialist book distributing agency in the country. Just to get an idea of the kind of stuff these people were attempting to put into the public libraries for the children to read, look at this bill, which was refused by the Auditing Board.

#### TO THE STATE BOARD OF REGENTS.

November 9, 1919.

State of North Dakota, Dr.

Through the Public Library Commission.

To Charles H. Kerr Company,

341 E. Ohio St.,

Dept. Voucher No. _____	Address Chicago, Ill.	
1 Anarchism and Socialism .....		.60
1 Ancient Lowly, Vol II .....		2.00
1 Each Capital, Vols. II and III, \$2.50.....		5.00
5 Class Struggles in America, .60.....		3.00
1 Economic Causes of War.....		1.00
1 Economic Determinism .....		1.00
1 Labriola's Essays .....		1.25
1 Kautsky's Ethics .....		.60
1 Evolution of Property .....		.60
1 History of Supreme Court .....		2.00
1 Introduction to Sociology .....		1.25
1 Labor Movement in Japan .....		1.00
1 Marx vs. Tolstoy .....		.60
1 News From Nowhere .....		1.25
1 Origin of the Family .....		.60
2 Positive School of Criminology, .60.....		1.20
1 Socialism & Modern Science.....		1.25
1 Socialism vs. The State .....		1.00
1 Stories of the Great Railroads.....		1.25
1 Story of Wendel Phillips.....		1.60
1 Universal Kinship .....		1.25
2 Anarchism and Socialism, .60.....		1.20
2 Labor Movement in Japan, 1.00.....		2.00
5 Positive School of Criminology, .60.....		3.00
2 Puritanism, 60.....		1.20



1 Science and Revolution .....	.60	
10 Class Struggles in America, .60.....	6.00	
	<hr/>	
	42.80	
Less 33 1-3 per cent.....	14.27	28.63
1 Political Parties .....	2.00	
Less 10 per cent.....	.20	1.80
5 The Visioning, \$1.35 .....	6.75	
Less 33 1-3 per cent.....	2.25	4.50
	<hr/>	
		34.83

Anyone who has read the History of the Supreme Court, by Meyers, and believes the book, would become AN ANARCHIST, as far as our courts are concerned.

Some of the books which Mr. Burtness discovered exhibited in a traveling library case in the Library Commission are listed below:

Socialist and Modern Science, Ferri.

Anarchism and Socialism, Plesharoff.

Positive School of Criminology, Ferri.

Class Struggles in America, Simmons.

The Evolution of Property, LaFarges.

Co-Operation, the Home of the Consumer, Harris.

Not Guilty. Blatchford.

Political Parties, Nickels.

Stories of the Great Railroads, Russell.

American Government and Politics, Beard.

Bolshevism, Spargo.

The Bolsheviki and World Peace, Trotsky.

Russia in 1913, Ransom.

History of the Supreme Court, Myers

Our Judicial Oligarchy, Rice.

The Profits of Religion, Sinclair.

Socialism vs. the State, Venderbachen.

Love and Ethics, Ellen Keyes.

Essays on Materialistic Conception in History,

LaBriola

New Schools for Old, Dewey.

The Old Freedom, Nelson.

Puritanism, Miller.

These were all new books and had just been unpacked. These men were of course **CAUGHT WITH THE GOODS** and someone had to be the goat. **DID ANY MEMBER OF THE ADMINISTRATION**, who was appointed by Governor Frazier **RESIGN?** Did George Totten, Chairman of the Board resign? George Totten who was also appointed by the Governor and who in Bowman County, at the time of his appointment, was held in contempt by many people for his advocacy of radical ideas. **HE DID NOT.** The best they could do was to make C. E. Stangeland the goat, with the result that Stangeland resigned, and on the eve of his departure issued a bitter statement.

About the time that the Board of Administration took Stangeland into their employ, there had also come into North Dakota one Madame Signe Lund, a person actively interested in getting Kate Richards O'Hare pardoned. Signe Lund was given a job in the Normal School at Mayville. As soon as Stangeland left, Madame Signe Lund, who circulated the petition at Mayville for Kate Richards O'Hare's release, also resigned, and the last we heard of her she was in Gary, Indiana.

The next step was to make the honest farmers who were not Socialists believe that an attack was made upon them. In fifty-three newspapers of the State, they spread propaganda saying that the farmers were being called "free lovers" and "athiests." As a further defense, they claimed that books of this kind were in the library years and years before, but they didn't tell the people of the State that the few books on in-

sanity and such matters were kept in closed shelves—that they were not sent out in the traveling libraries of the State for the school children to read.

These books on Free Love and Socialism were bad enough, but were just in keeping with the actions taken by the men in control.

Mr. Burtness quoted from some of the books which this outfit was spending the public money for—here is a quotation from page 22 of Upton Sinclair's "The Profits of Religion:"

"So builds itself up, in a thousand complex and complicated forms, the Priestly Lie. There are a score of great religions in the world, each with scores or hundreds of sects, each with its priestly orders, its complicated creed and ritual, its heavens and hells. Each has its thousands or millions or hundreds of millions of 'True Believers,' each damns all the others, with more or less heartiness—and each is a mighty fortress of Graft."

"There will be few readers of this book who have not been brought up under the spell of some of the systems of Supernaturalism; who have not been taught to speak with respect of some particular priestly order, to thrill with awe at some particular sacred rite, to seek respite from earthly woes in some particular ceremonial spell. These things are woven into our very fibre in childhood; they are sanctified by memories of joys and griefs, they are confused with spiritual struggle; they become part of all that is most vital in our lives. The reader who wishes to emancipate himself from their thrall will do well to begin with a study of the beliefs and practices of other sects than his own—a field where he is free to observe and examine without fear of sacrilege."

Mr. Burtness continuing said:

"On pages 27 and 28 is found something so sacrilegious and so terrible that I wouldn't read it in this House or at any other place. I will say particularly to those of you who are Catholics do not fail to read pages 27 and 28 under the heading 'Salve Regina.' On page 73 we find this gem: (Mr. Burtness reads:)

"And of course, in buying the English Government, these new princes have bought the English Church, Skeptics and men of the world as they are, they know that they must have a Religion. They have read the story of the French Revolution, and the shadow of the guillotine is always over their thoughts; they see the giant of labor, restless in his torment, groping as in a nightmare for the throat of his enemy. Who can blind the eyes of this giant, who can chain

him to his couch of slumber? There is but one agent without rival—the Keeper of the Holy Secrets, the deputy of the Almighty Awfulness, the Giver and Withholder of Eternal Life. Tremble, slave! Fall down and bow your forehead in the dust! I can see in my memory the sight that thrilled my childhood—my grim old Bishop, clad in his gorgeous ceremonial robes, stretching out his hands over the head of the new priest and pronouncing that most deadly of all the Christian curses: ‘Whose sins thou dost forgive they are forgiven; and whose sins thou dost retain, they are retained.’”

Sinclair attacks all churches and Mr. Burtness read his attack on the Lutheran Church, appearing on Page 105 of Sinclair's book:

### ATTACKS LUTHERAN CHURCH

“The Lutheran Reformation has been most truly religious and creative when it embraced the whole of human life and enlisted the enthusiasm of all ideal men and movements. When it became ‘religious’ in the narrow sense, it grew scholastic and spiny, quarrelsome and impotent to awaken high enthusiasm and noble life.” And then the author takes up the line and says “As a result of Luther's treason to humanity, his church became the state church of Prussia, and Bibleworship, and Devil-terror played their part, along with the Mass and the Confessional, in building up the Junker dream.”

In the books which Burtness found Birth Control was also dealt with, and from page 227.

### BIRTH CONTROL

“I assert that the control of our thinking on ethical questions by minds enslaved to tradition and priestcraft is an unmitigated curse to the race. The armory of science is full of weapons which might be used to slay the monsters of disease and vice—but these weapons are not allowed to be employed, sometimes not even to be mentioned. \* \* There exists a simple, entirely harmless, and practically costless method of preventing conception which would enable us to check the blind and futile fecundity of nature, and to multiply as Gods instead of as animals.”

### Grotesqueness of Religion

At the bottom of page 273 you find this:

“All this is grotesque; but it is what happens to religions in a world of commercial competition. It happens not merely to Christian Science and New Thought religion, Mazdaznan and Zionists, Holy Roller and Mormon religions, but the Catholic and Episcopalian, Presbyterian and Methodist and Baptist religions. For you see, when you are with the wolves you must howl with them; when you are competing with fakirs, you must fake. The ordinary Christian will read the

claims of the New Thought fakirs with contempt; but have I not shown the Catholic Church publishing long lists of money-miracles? Have I not shown the Church of God Society, our exclusive and aristocratic Protestant Episcopal Communion, pretending to call rain and to banish pestilence, to protect crops and win wars and heal those who are 'sick in estate' that is, who are in business trouble?"

I resent the suggestion that this book is an attack of one church against another. Not a tall. It condemns them all equally without exception. On page 282 I quote the following. (Mr. Burtress reads).

"From that time on Christianity has been what I have shown in this book, the chief of the enemies of social progress. From the days of Constantine to the days of Bismarck and Mark Hanna, Christ and Caesar have been one, and the church has been the shield and armor of predatory and economic might. With only one qualification to be noted; that the church has never been able to suppress entirely the memory of her proletarian founder." Mr. Burtress added:

#### Contempt of U. S. Authorities

"I wish I could take the time to quote the same statements that I quoted on the floor of this House from 'Love and Ethics' wherein the author stated in substance that the institutions that we believe in should be set aside and wherein she preaches the doctrine of Free Love.

"I furthermore won't take time to quote from Meyer's 'History of the Supreme Court,' but I want to say that the book is one in which the author condemns every President from Washington down to the present time as being corrupt and appointing equally corrupt men to the position of judges on the Supreme Court; that it condemns every Chief Justice that we ever had from Chief Justice Jay to our present Chief Justice White, and I want again to say that remarks or statements of that kind when made from books or from the platform, wherever they are made, are not remarks that will tend to cause us to honor our institutions or our country or its flag.

Here are a few quotations from Ellen Keyes:

"The ethical conception that makes the right of parenthood dependent upon the present fixed forms of marriage must fall."

"A nation in which marriages are contracted only from deep personal love is at a great disadvantage as against other nations and must disappear."

"When two unmarried persons give life to a child

nature often rewards passion by endowing the child with splendid equipment."

"The fact that in some free unions love dies proves nothing against this possibility of a finer love thru divorce."

"The dissolution of marriage should be made dependent upon the will of one of the married pair."

"And I want to say these things right now, because I want you to understand that I don't believe that just because the present board of Administration has taken out one link in the entire chain—that they have destroyed the system. **Not at all.** It is there, and it can't be destroyed absolutely until you kill the present bill, so long at least as the man who now dominates that Board, ("Rev." George A. Totten, Sr.) remains upon it, for he does not deny that he favored the presence of these books in our traveling library. He made the statement at a board meeting according to a written statement signed by one of the members of that board, to the other members which statement I shall be glad to place in the records, if you want it.

Townley has often said that the way to get Socialism permanently was to teach it to the children—that was the easiest, quickest and most permanent way of doing the business.

What has Socialism done for North Dakota? Has it aided or crippled the school system? **WHAT ARE THE UNDENIABLE FACTS?**

The League in 1916 elected Neil C. Macdonald, who had been rural school inspector, Superintendent of Public Instruction. But his administration was so unsatisfactory to the people of the state that two years later he was repudiated by a majority of approximately six thousand. Miss Minnie J. Nielson, his opponent, was the only anti-League candidate to win.

The North Dakota constitution gives women the right to vote in all matters dealing exclusively with school matters. The women therefore rallied behind Miss Nielson and by electing her, gave her all the

Powers of the State Superintendent of Public Instruction.

The campaign was a bitter one. Although Macdonald, as Superintendent of Schools, was especially odious; nevertheless he was "one of them" and Frazier, Townley and Lemke proceeded to take care of him.

Immediately Miss Nielson became the target for Townley, Lemke, Governor Frazier, and Neil C. Macdonald.

The League papers all over the State abused Miss Nielson, saying she was not qualified to hold office. With the election only a few days away, Miss Nielson came to my office and asked me for an opinion as to whether or not she was legally qualified to hold the position. After a careful investigation of the facts, I, as Attorney General, gave the following opinion:

October 29, 1918.

Miss Minnie J. Nielson,  
Valley City, N. D.  
Dear Madam:—

#### OPINION

I have your letter of recent date in which you set forth that you are a duly qualified elector for the office of Superintendent of Public Instruction in this state and over the age of twenty-five years. You ask if under the laws of this state you can qualify to hold the office of Superintendent of public Instruction.

In reply I will advise you that Section 82 of the Constitution of the State of North Dakota provides for the election of a Superintendent of Public Instruction and prescribes the qualification for eligibility to such office, which are that the person seeking to qualify for the same shall have attained the age of twenty-five years, shall be a citizen of the United States, and shall have the qualifications of a state elector.

The Supreme Court of this State has held that the legislature can neither increase nor diminish the qualifications fixed by the Constitution for holding office, and in the case of *Johson vs. Grand Forks, County*, 113 N. W. 1070, held:

"The rule is that, when the Constitution of a state has prescribed qualifications for voters and defined the qualifications of an officer, it is not competent for the Legislature to add or in any way alter such prescribed and defined qualifica-

tions, unless the power to do so is expressly or by necessary implication conferred upon it by the Constitution itself."

There being no provision in the Constitution, either expressly or by necessary implication, conferring such power upon the legislature, I am of the opinion that that portion of Section 1105 of the Compiled Laws of 1913, which adds to the qualifications for the office of Superintendent of Public Instruction, is unconstitutional, and that you, possessing the qualifications for such office found in said Section 82 of the Constitution, can qualify under the laws of this state for the office of State Superintendent of Public Instruction.

Yours very truly,

WILLIAM LANGER,

WL:B

Attorney General.

I realized that this meant thousands of votes to her, one way or the other.

The opinion was sent broadcast and Miss Nielson was elected. A few weeks after the election, Townley met me in Bismarek, at the McKenzie Hotel, and blamed me for the opinion that defeated Mr. Macdonald and demanded to know why I had given it.

Later the rumor went out that these men were going to refuse to let Miss Nielson have the office, and were going to keep Macdonald in that position. I told the Socialists that I was going to see that Miss Nielson got the office to which the people had elected her.

On the 4th day of January, Miss Nielson arrived to take the office and they refused to turn it over. I became her attorney and secured the office for her, winning her case in District Court and in the Supreme Court. While these lawsuits were pending, Walter Thomas Mills and Neil C. Macdonald were eating together daily in the little restaurant back of the McKenzie Hotel and decided, after seeing Townley and Lemke, to draft a bill providing for the Board of Administration to have control of all educational, charitable and penal institutions in the State.

The bill provided originally for only three members



to be appointed by the Governor. I begged them not to pass a bill of that kind. Lemke said that the bill was modeled after one in Kansas and although I proved to him that it wasn't, the best I could do was to get them to put Miss Nielson on the Board. They did, but to off-set her vote they put on John Hagen. And when Townley says, as he afterwards did in the "North Dakota Leader" that the time for me to have protested against this bill was when it was pending, he is deceiving you. I DID PROTEST—I WENT TO HEAD-QUARTERS—the place where a man would naturally go to make his protests.

The Nielson matter was the beginning of my fight on Townley. They passed Senate Bill No. 134, known as the Board of Administration Bill. This gave the control of the educational system back to the League. Under the old system, there were three boards, the State Board of Education, the State Board of Regents and the State Board of Control. The State Board of Education had charge of the Common and High Schools. The state superintendent was chairman of this Board. The State Board of Regents had charge of the higher institutions. The State Board of Control had charge of the penal and charitable institutions. The State Superintendent was not a member of the State Board of Regents nor the State Board of Control. If Neil C. Macdonald had been re-elected these three mentioned boards would have been retained and the State Superintendent, besides being chairman of the State Board of Education would also have been made a member of the State Board of Regents. THIS WAS MACDONALD'S PLAN BEFORE HE WAS DEFEATED. SEE HIS BIENNIAL REPORT (WRITTEN BEFORE ELECTION) ON PAGE 95 UNDER

**"RECOMMENDATIONS:"** "THE STATE SUPERINTENDENT SHOULD BE AN EX-OFFICIO MEMBER OF THE BOARD OF REGENTS AS IN THE CASE OF ALL PROGRESSIVE STATES."

Senate Bill No. 134 did away with all three boards and established one board known as the Board of Administration. They passed Senate Bill No. 134, with the provision to have control of all educational, charitable and penal institutions. Note especially that charitable and penal institutions were included. They knew that the bill would be referred and that by including questions other than school affairs **THE WOMEN WOULD BE UNABLE TO VOTE ON IT.** This was, of course, done deliberately, and when the bill was referred, the women who voted for Miss Nielson were unable to vote that she retain the duties to which they had elected her. **YET THESE MEN NOW CLAIM THAT THEY ARE IN FAVOR OF WOMAN SUFFRAGE**—strange that when I was out campaigning for woman suffrage in 1914 when the people of North Dakota voted upon it, that neither Lemke, Frazier or Townley were out advocating it!

Senate Bill 134 authorizes a **BOARD** of five members, three of them appointed by Governor Frazier and **REMOVABLE FOR CAUSE** by him, which simply means that the majority of the Board is always in control of the Governor, who is in the control of Townley and Lemke. The other two members are the Commissioner of Agriculture and Labor and the Superintendent of Public Instruction. This bill provides that this Board take over absolute control of all the penal, charitable and educational institutions of the state, and have general supervision over the public schools.

Senate Bill 134 gives the State Board of Education, which is the Governor, power to reach down in every local community—IT CAN DICTATE THE POLICIES TO BE FOLLOWED, COURSES TO BE STUDIED, TEXT BOOKS TO BE USED.

The presidents or heads of State Institutions AND THE STATE SUPERINTENDENT OF PUBLIC INSTRUCTION ARE MADE RESPONSIBLE TO THE BOARD.

And what men did Lemke and Townley have their jelly-fish Governor appoint on the Board of Administration? George Totten of Bowman, noted for his advocacy of radicalism, a brother-in-law of Mrs. Totten who entertained Kate Richards O'Hare at the time she made her seditious speech—Totten who had been in charge of the Public Service Bureau, who put over the newspaper graft; P. M. Casey of Lisbon, who ran on the League ticket for State Treasurer in 1916; Robert Muir, brother-in-law of Lemke, and the, of course, J. N. Hagen, Commissioner of Agriculture and Labor and Miss Nielson are ex-officio on the board.

George A. Totten was made Chairman of the Board, the same Totten who is reported to have made the statement sometime ago, that he had grown beyond Socialism and believed in the teachings of Emma Goldman. He, as Chairman of the Board of Administration, is the head of our entire school system.

One of the first acts of this new board was to create a new office called "Educational Advisor to the Board and General School Inspector." They appointed Neil C. Macdonald, the defeated Nonpartisan League candidate for State Superintendent to this new

position at the same salary he had received as State Superintendent.

This Educational Commission spoken of before was to consist of five members, one being the State Superintendent as ex-officio member and chairman, and four others appointed by the Board of Administration. Whom did they appoint? Four supporters and friends of Macdonald's, the defeated candidate, as members of this commission.

At the first meeting of the Educational Commission, the office of Secretary of the Commission and Supervisor of Certification was created and E. P. Crain was appointed to this position. This man had been in charge for a time of certification in the State Superintendent's office when Macdonald was State Superintendent. New office rooms were arranged for this new Department of Certification in the Capitol building, and furnished by taking funds from the high school and rural aid funds. They removed from the State Superintendent's office nine cart loads of records, books and other material pertaining to certification which had been a part of that office since statehood. Under the old law, the State Superintendent was President of the Board of Education, and the Deputy Superintendent was Secretary, and the work of certification of teachers was done by and through the office of State Superintendent. Now the State Superintendent does not have anything to do with certification of teachers, does not see the examination papers, and is not even permitted to sign the teachers' certificates. These are signed by George A. Totten, Chairman of the Board of Administration and E. P. Crain. E. P. Crain is only the nominal head of the certification department, for he is also Secretary of the

State Motor Vehicle Registration Department and draws a salary as such. He has an office down town in the Bank of North Dakota building, and does not stay at the Capitol. In reality, Mrs. N. C. Macdonald has charge of the certification department and uses E. P. Crain's rubber stamp to sign the letters, hence the public is deceived. The Macdonalds, although ejected from the control of the schools by the vote of the people, ARE BACK IN THE SADDLE IN SPITE OF THE VOTERS.

Why?

Because they are good spreaders of the Socialistic propaganda. It is well, the leaders believe, to have in charge of certificating the teachers, those persons who are sympathetic with the doctrine the Socialists want taught in the schools.

In the past the President of the State University has been the State High School Examiner, but the Board of Administration took this work away from PRESIDENT KANE and made E. P. CRAIN High School Examiner.

Yes, the same E. P. Crain, who is Secretary of the Motor Vehicle Registration Department and Secretary of the Educational Commission, and nominally the head of the teachers' certification department, now is State High School Examiner also.

All letters regarding eighth grade and high school examinations bear the now familiar rubber stamp signature—E. P. Crain.

Section 6 of the Board of Administration law provides that the Board of Administration "shall have power to appoint a temporary School Commission to consist of the Superintendent of Public Instruction, one county superintendent, one city superintendent, the

High School Inspector and one other member, to investigate the kinds and costs of library books, the text books for use in public schools in this state, and the question of uniformity of text books, **AND THE PRINTING AND DISTRIBUTION OF SAME BY THE STATE.** x x x Said commission shall report to the Board on or before July 1, 1920, its findings and recommendations, and therefore shall cease to exist. "AND THE PRINTING AND DISTRIBUTION OF SAME BY THE STATE" is the very important part of this provision. If the State controlled by the Socialists only could "PRINT AND DISTRIBUTE THE PUBLIC SCHOOL TEXT BOOKS! ALAS!

But there is no serious fault they made in drafting that law. It specified all the members to be appointed except one. They realized too late that the State Superintendent could not be depended on to give a favorable report on state printing of text books, neither could the High School Inspector, appointed by the State Superintendent, and no county superintendent or city superintendent could be found that would give a favorable report on this.

In the First Annual Report of the Board of Administration repared and pready for ready for distribution for the last special session of the Legislature, is found on Page 34 this recommendation to the Governor and the Legislature: "That Senate Bill No. 134 (The Board of Administration law) passed by the last Legislative Assembly be amended as follows: Substituting for the word 'Superintendent of Public Instruction, one County Superintendent, and one City Superintendent, the High School Inspector and one other member,' in section 6 of this law, the following words: 'Professors or other experts in education and

social economy from the University or the Agricultural College or the State Normal Schools OR ELSEWHERE FROM WITHIN THE STATE."

By changing the law in this way it would have been broad enough to make it possible to get the right kind of a commisiion; a commission which would have given the right kind of a report. But before the special session could get around to enact the suggested amendment, the bomb shell thrown into the House of Representatives by Representative Burtness exploded and the condition in which he found the State Traveling Library was disclosed on the floor. After that they did not dare have any such amendment, because the whole scheme was laid open. July 1, 1920, came, the date set for the commission to report, but no commission had been appoinated.

The following is another recommendation found on page 34 of the First Annual Report of the Board of Administration which was prepared for the last special session: "That the words 'Superintendent of Public Instruction' in Sections 82 adn 83 of Article III and in Section 156 of Article IX of the Constitution, be omitted and that the office be abolished or, if maintained, made appointive through the Board of Administration; and that in lieu of the words 'be elected' in Section 150 of Article VIII of the Constitution, the words 'be appointed by the Board of Administration' be substituted.

Yet Townley and his lecturers said that no power would be taken from the State Superintendent of Public Instruction but more given her. True, she is a member of the Board of Administration, but Miss Nielson says that time and time again the Board had held meetings in the State Capitol when she was in

the building, and that she has not been notified of the meetings. She has received no minutes of their meetings for over a year, although she put in a written request for them.

True, she is a member of the Board. But what power has she? When the Board voted to make Neil MacDonald, the man whom she defeated, Educational Adviser to the Board of General School Inspector, she protested but had no power to prevent their action. True, she is a member of the Board, but when the Board voted to take the work of certification the teachers of the State out of her office, she protested, but had no power to prevent their action. True, she is a member of the Board, but when the Board voted to give the work of preparing eighth grade and high school questions, and conducting the examinations for same over to E. P. Crain, she protested but had no power to prevent their action. And so it has gone all along the line. Miss Neilson is powerless with four against her.

It is plain the plan of the Nonpartisan leaders is to get complete control of the entire educational system of the state, they well know that **AS THE CHILDREN ARE THOUGHT SO WILL THE NEXT GENERATION THINK AND ACT.** There could be no better agency for inculcating and spreading Socialistic propaganda than the schools.

The State Board of Education, the Board of Regents, and the Board of Control were put out of existence, and this one Board of Administration substituted.

Section 4 of the Board of Administration Act, gives the Board power to employ officers and assistants, including



"Directors of vocational training,

"School inspectors,

"Business managers,

"Accountants, and

"Employees,"

as they deem necessary. Trust them not to overlook the political side of it!

Under the law, the Board of Administration has charge of the qualifications of employees, and may remove such employees, "when, in its judgment, the public service demands it." THERE ISN'T EVEN A PRETENSE OF ANY RESTRICTION ON THE BOARD'S REMOVAL POWER—It's judgment is the determining factor. Absolute subserviency and submission can be demanded and obtained—IF IT ISN'T GIVEN, OFF COMES THE POLITICAL HEAD OF THE OFFENDING EMPLOYEE.

And who have lost their political heads? Why the President of the Valley City Normal has been removed;

The President of the Mayville Normal is gone;  
The President of the School of Science at Wahpeton has left;

The Secretary of the Public Library Commission has been removed;

The President of the State University has resigned, and the removal of his successor attempted;

The Warden of the Penitentiary has resigned on request;

The Head of the Reform School has been asked to resign;

The President of the School of Forestry is no longer with us;

The President of the Minot Normal School has resigned.

E. F. Ladd, the President of the Agricultural College, who has been their furnisher of propaganda, has been REWARDED by being endorsed for the United States Senate. OH, NO, NORTH DAKOTA SCHOOLS ARE NOT IN POLITICS!

Section 7, of the Board of Administration Act, however, provides for the appointment of a subordinate commission, called the "Educational Commission,"—"to have charge and supervision of the certification of teachers, standardization of schools, examinations for eighth grade and high school pupils, preparation of courses of study for the several classes of public schools, and such other work as may be assigned to it by the board." This Commission can only RECOMMEND to the Board of Administration, as the act provides that the work of the Commission is UNDER THE DIRECTION AND APPROVAL OF THE BOARD OF ADMINISTRATION. So these powers put the control of the public schools completely and absolutely into the hands of the Board of Administration.

Certification of teachers—DETERMINATION OF WHAT SHALL OR SHALL NOT BE PRINTED IN THE TEXT BOOKS—the fixing of courses of study in the GRADE AND HIGH SCHOOLS—these exclusive powers are given by the bill to the APPOINTEES of the GOVERNOR. Complete control of the Normal Schools, Agricultural College and University is also given—they are subject to political control.

As mentioned before, naturally, a bill of this kind was referended, and 38,000 men signed the referendum petitions. The Townley newspapers had a chance

to either tell the truth or lie—if the papers sincerely desired the farmers' welfare, here was an opportunity which Townley could seize—but he grabbed it for LYING DECEPTION. Here is a copy of the "Courier-News"—Townley's own newspaper of which William Lemke is President, dated the 21st day of June, 1919. Read what Townley said in his speech given at Bismarek on June 20th, reported in his own paper the next day:

"One of the biggest pieces of deception is that the educational bill, which is being referred, would take away all the powers from Miss Nielson, the superintendent of public instruction. The truth is that Miss Nielson will be, under this law, the first superintendent to have a voice in the conduct of all the state institutions. She will be the first woman in the history of the state to have the opportunity to exercise a woman's influence where it is needed most, in the reform school and penitentiary."

"Mr. Townley then read from the session laws the plain statement that none of the powers of the state superintendents should be limited by the bill. "Here is the truth that no authority or opportunity will be taken from Miss Nielson," he said, "the legislature is giving this lady two or three times more power than any other superintendent ever had, and all her old powers as well. Miss Nielson's best friends are the farmers who will vote next Thursday to give her those new powers. And her worst enemies are the people who, under the pretense of protecting a woman, are doing the same thing that they are charging the farmers' legislature with doing."

Townley and his cohorts KNEW THEY WERE LYING. They said that none of Miss Nielson's powers

would be taken away from her; that she was going to have MORE POWER than any State Superintendent of Public Instruction had ever had. They declared specifically—three days before the election—that Miss Nielson's powers would not be curtailed if the people voted for this act. Even the Governor himself went into the Secretary of State's office and requested him to make the following statements on the official ballot: "Powers and duties of the Superintendent of Public Instruction shall not be abridged. See Section 9, of the law."

#### BEFORE AND AFTER ELECTION.

All this about more power for the State Superintendent was said when the League was trying to get votes for the new measure. What did they do after they had persuaded the people to vote for it? Were they honest in their statements?

The law provides that THE STATE SUPERINTENDENT SHALL PREPARE AND PRESCRIBE THE COURSE OF STUDY FOR ALL COMMON SCHOOLS OF THE STATE.

When the Townley Board of Administration came into power, it formally adopted a resolution, introduced by Mr. Hagen, providing: "THE BOARD OF ADMINISTRATION SHALL HAVE POWER TO PRESCRIBE THE COURSE OF STUDY FOR THE SEVERAL CLASSES OF PUBLIC SCHOOLS OF THE STATE, WE HEREBY EMPOWER AND AUTHORIZE THE EDUCATIONAL COMMISSION TO DO SO."

Miss Nielson protested and voted against the resolution but it was adopted by the other members in spite of her protests. Did someone say Miss Nielson had power on this Board? She then came to me. I

appealed to the Supreme Court. I cited the League newspapers, I cited Townley's and Frazier's speeches, and asked the Supreme Court to prohibit the Board of Administration from attending to interfere with the fixing of the courses of study for the common schools. This, the Supreme Court refused to do. See 175 Northwestern Reporter, Page 563.

They admitted that it was Miss Nielson's DUTY, and that the last assembly INTENDED THAT IT SHOULD REMAIN HER DUTY TO FIX THE COURSES OF STUDY FOR THE COMMON SCHOOLS, but four of the Judges went on to interpret the act to mean that this function should be performed UNDER THE "SUPERVISION AND CONTROL OF THE BOARD OF ADMINISTRATION, pursuant to the specific power therefore granted in the act." Bronson wrote the opinion, and the opinion proves beyond dispute that the claims of Townley, Frazier, Macdonald and Mills, that Miss Nielson's powers would not be curtailed by the act, WERE ABSOLUTELY FALSE. The act gave "specific power to the Board to supervise and control Miss Nielson in her duties. A GIGANTIC FRAUD had been practiced on the voters of North Dakota—they had been falsely told by Townley and Lemke that the official elected by the people would keep the power the people said she should have.

The Court found that Section 9 specifically reserves to the Superintendent of Public Instruction such freedom from supervision as the office had before enjoyed, (but they add to this) but subject to the "SUPERVISION AND CONTROL" OF THE BOARD OF ADMINISTRATION.

Justice Bronson said "The contention that this

power of supervision and control concerning the preparation of courses of study in the common schools would take from such superintendent such right and duty is unfounded. If such board has such specific right, the superintendent, nevertheless, possesses the same right to prescribe and prepare courses of study for such common schools as theretofore, **EXCEPT THAT HER POWER AND DUTY IN THAT REGARD ARE SUBJECT TO THE SUPERVISION AND CONTROL OF SUCH BOARD OF ADMINISTRATION."**

There you have it—the Supreme Court saying that she has the power **EXCEPT THAT HER POWER IS SUBJECT TO THE WILL OF TOTTEN AND HIS BUNCH!**

**IT WOULD BE JUST AS IF THE SUPREME COURT HAD SAID TO THE FARMERS—"YOU FARMERS CAN STILL PREPARE THE SOIL FOR GRAIN AND DECIDE WHAT YOU WILL PLANT EXCEPT THAT YOUR POWER AND DUTY TO DO THIS IS SUBJECT TO THE SUPERVISION AND CONTROL OF THE BOARD OF BARBERS!"**

**COULD ANYTHING BE PLAINER?**

Could anyone say **MORE CLEARLY** that Townley and Frazier lied when they said that Miss Nielson's powers would not be curbed? **"THERE EXISTS"** said Bronson writing the opinion," a direct legislative intent **TO GRANT TO THE BOARD OF ADMINISTRATION (THE TOTTEN—MUIR, LEMKE'S BROTHER-IN-LAW, OUTFIT) THE SPECIFIC POWER AS STATED IN THE STATUTE TO SUPERVISE AND CONTROL THE COURSES OF STUDY IN THE COMMON SCHOOLS OF THE STATE."**

**ONE IS ALMOST FORCED INTO RELUCTANT**

**ADMIRATION FOR THE LYING ABILITY OF LEMKE, THE BISHOP, AND HIS APOSTLES!**

The other opponents of the bill and myself had said right along that Miss Nielson's powers were taken away by it—Townley and Frazier denied this for the League—but my lawsuit ended when four members of the Supreme Court said that we were correct. Miss Nielson was made simply a figurehead. Townley and Lemke as much as said "The people of North Dakota be damned—let Miss Nielson's friends go home and slop the hogs."

The majority of the people voted for Miss Nielson, but the SOCIALIST LEADERS ARE AGAINST US, so the majority does not rule in North Dakota. This is Socialist Democracy.

## CHAPTER XV

**BILLS THAT DID NOT BECOME LAWS**

All history proclaims that taxes of any appreciable amount are immediately shifted.

The best solution is to HAVE TAXES JUST HIGH ENOUGH TO MAINTAIN THE COST OF THE GOVERNMENT. Whether the tax is derived from the oil tax, stocks and bonds tax, or income tax—it ultimately falls upon the producer or consumer.

When the Socialist leaders raised the tax in North Dakota on oil one cent a gallon, they “DIDN’T SOAK THE OIL COMPANIES,” because the oil companies simply raised the price of oil the amount of the tax and the farmer who has a car or tractor must pay the one cent a gallon additional. That is why some of the users of gasoline in Fargo go to Moorhead, Minnesota, to get their gasoline.

The income tax is a good tax and ought to be higher than what it was in order to have “gotten” the profiteers during and after the war. IT IS ALSO SHIFTED TO SOME EXTENT. No matter how MUCH THE LEADERS OF THE LEAGUE MAY SAY ABOUT THE TAX BEING LOWERED, THE FACT IS THAT FOR THE YEAR 1918. THE TOTAL TAX FOR STATE PURPOSES WAS \$1,769,091.65 and that in 1919, UNDER THE SOCIALIST’S RULE, THE AMOUNT FOR STATE PURPOSES WAS \$3,742,616.08. THIS IS FOR STATE PURPOSES AND WITH THIS THE COUNTY COMMISSIONERS AND BOARD OF SUPERVISORS HAD NOTHING TO DO. This was for state purposes alone.



The Socialist leaders are the worst enemies that the farmers could have. As shown in a previous chapter, the farmers who used to pay 51.418 per cent of the taxes now pay 70.36 per cent. And this is the program of Roylance, the man who was imported from Utah by the Socialists to put over the program—Roylance, the man who **ADVOCATED THE SINGLE TAX.**

Walter Thomas Mills, who was running on the Socialist ticket for United States Senator against Hiram Johnson, Republican, when Townley employed him to go speaking in North Dakota, in his book called "The Struggle for Existence," says on page 452:

"In America, in ordinary discussion, the term middle class has come to apply to the 'petty bourgeois,' that is, to the small manufacturer and the small business man. **THE SMALL FARMER HAS COME ALSO TO BE INCLUDED IN THE MIDDLE CLASS IN AMERICAN DISCUSSION.**"

And on page 381 he said:

"The Way Out is Socialism. **UNDER SOCIALISM, SOCIETY WILL OWN THE LAND, AND THERE WILL BE NO RENT TO PAY.**"

And beginning on page 618 there is an entire chapter entitled "How to Work for Socialism."

This is Mills the man who night after night spoke to the secret caucus, the man who drew up law after law which was passed by the legislature controlled through the secret caucus. This is the man, who with his rotten financial record behind him, helped draw up **THE BILL CREATING THE BANK OF NORTH DAKOTA WITHOUT ANY SAFEGUARDS TO PROTECT THE PEOPLE OF THIS COMMONWEALTH.** This is the man who consulted with other boosters of

taxes and helped devise a system of taxation which, IF PUT THROUGH, WOULD HAVE FASTENED PURE UNADULTERATED FABIAN SOCIALISM ON THE PEOPLE OF NORTH DAKOTA.

For instance, where in the original farmers' program was there any demand for Senate Bill 43, the first half of which is as follows:

Be it enacted by the Legislative Assembly of the State of North Dakota:

- 1 Section 1. Chapter 59 of the Laws of North Dakota, 1917,
- 2 is here amended and re-enacted to read as follows:
- 3 All real and personal property subject to a general prop-
- 4 erty tax, not exempted by law, and not subject to any
- 5 gross sales or other lieu tax, is hereby classified for pur-
- 6 poses of assessment for taxation as follows:
- 7 Class 1. Class one shall include the following, which
- 8 shall be valued and assessed at 100 per cent of the full
- 9 and true value thereof;
- 10 (a) All unused land, whether mineral, agricultural, tim-
- 11 ber, site, trackage or right-of-way, or land of any kind or
- description.
- 12 (b) All railroads and other public utilities, together with
- 13 franchises and patents, and all real and personal proper-
- 14 ty employed in connection therewith.
- 15 Class 2. Class two shall include the following, which
- 16 shall be valued and assessed at 60 per cent of the full
- 17 value thereof;
- 18 (a) All used land; provided, that for the purposes of
- 19 this Act the term "used land" shall be held to mean all
- 20 land used or employed beneficially in any industry, bus-
- 21 iness, except land owned by railroads and other public
- utility corporations; provided that:
- 22 (1) Farm homesteads, not to exceed in area 640 acres,
- 23 whether the entire area be used or not, shall be consid-
- 24 ered used land for the purposes of this Act.
- 25 (2) Homesteads within the limits of any village, town
- 26 or city, or within platted sub-divisions adjacent thereto,
- 27 not to exceed in area two acres, or in value \$2,500.00 ex-
- 28 clusive of improvements, whether the entire area be us-
- 29 ed or not, shall be considered used land for the purposes
- of this Act.

From line 22 on the above you will note that if a farmer had 640 acres of land, whether it was used or not, it was to be considered "used" for purposes of taxation and was assessed at 60 per cent of its true

value. IF A FARMER WAS INDUSTRIOUS and had a large number of children and wished to leave each child a piece of land and saved his money and got a quarter section more than the 640 acres, he would be assessed at A VALUATION OF 100 PER CENT OF ITS FULL AND TRUE VALUE.

Where in the original farmers' program was there any demand for Senate Bill 44, which dealt with the exemption of property from taxation and Article Ten of the proposed law being as follows:

For an Act to amend and re-enact Section 2078, Compiled Laws of North Dakota, 1913, relating to the exemption of property from taxation. \* \*

40 10. Structures and improvements used as homes on  
41 town or city lots, to the amount of \$2500, provided that  
42 that the total value of such structures and improvements be not in excess of \$3500.

From line 40, you will note that if there were three men, Say A, B, and C, each owning a house in the State of North Dakota, A having a house valued at \$2500, B having a house worth \$3500, and C having a house worth \$4000, A would not have to pay any taxes at all. B would have to pay taxes on \$1,000, the difference between \$2500 and \$3500, and C would have to have to pay taxes on the entire \$4000.

Senator Mees, one of the best tax experts in North Dakota, a man who two years before had been Chairman of the Committee on Taxation, took his hometown as an example—the town of Glen Ullin in Morton County, having about 1500 population. He found that in the town there were only twelve houses worth more than \$3500; that there were twenty-two that were worth between \$2500 and \$3500 and that the rest were worth less than \$2500. In order to raise the revenues necessary to run the city of Glen Ullin, THE HOUSES VALUED AT MORE THAN \$3500 WOULD

HAVE TO PAY A TAX OF APPROXIMATELY \$500 A YEAR.

AND THAT IS WHERE SENATE BILL 94 CAME in, the first section of which is as follows:

“No real property shall hereafter be sold for taxes. When any taxes upon real property shall not have been paid within three years after the same have become delinquent and the provisions of this chapter with reference thereto shall have been compiled with, THEN SUCH REAL PROPERTY SHALL BECOME THE PROPERTY OF THE STATE OF NORTH DAKOTA UPON THE ENTRY OF THE JUDGMENT OF THE DISTRICT COURT DECREERING FEE SIMPLE TITLE TO SUCH PROPERTY IN THE STATE.”

AND THERE YOU HAVE IT, AT LAST.

Everyone of you know that the law provides that property owned by the State shall NOT PAY TAXES. The State of North Dakota pays no taxes upon any state school land. If the property under the present law is sold for taxes, this sold to a private owner, it keeps on paying taxes, and the Socialist leaders knew very well that a man owning a four or five thousand dollar house in Glen Ullin or any place else, would not pay \$500.00 taxes on it per year, and they knew that a farmer owning 800 acres of land, and paying taxes at 60 per cent on the 640 acres would not pay taxes in the amount of four or five hundred dollars on the additional 160 acres. He would do like the owner of the house in Glen Ullin, REFUSE TO PAY THE TAXES AND LET THE LAND GO TO THE STATE.

The Socialist leaders and their advisors knew that as soon as the State took the land and the house, THAT PROPERTY CAME OFF THE TAX ROLLS

and the result would be that the property that was still left in the hands of private owners, THE 640 ACRES AND THE HOUSE THAT COST \$3500 OR LESS WOULD HAVE TO PAY INCREASED TAXES ENOUGH TO MAKE UP THE DIFFERENCE.

They knew likewise that these increased taxes would soon make the taxes on that property so high that owner after owner would be unable to pay them with THE RESULT THAT ULTIMATELY THE STATE WOULD BE THE OWNER OF THAT PROPERTY TOO.

WHY DIDN'T THEY PASS THESE BILLS?

When the history of North Dakota is written, it will recount in GLOWING TERMS THE FIGHT PUT UP AGAINST THESE MEASURES BY MEN LIKE SENATOR FRED MEES OF MORTON COUNTY AND HIS ASSOCIATES.

At the secret caucus, I was personally present when A. C. TOWNLEY GOT UP ON THE PLATFORM, HOLDING SENATE BILLS 43, 44 AND 94 ALOFT TOGETHER WITH SOME OTHER TAX BILLS AND STATED THAT THESE MEASURES HAD BEEN DRAWN BY THE BEST BRAINS IN THE COUNTRY AND THAT HE WANTED THE MEASURES PASSED WITHOUT "the change of a single comma or period."

Was the Townley who was speaking, the man who was a friend of the farmer, a friend of the laboring man? IT WASN'T. THE DISGUISE WAS RIPPED FROM HIM. AT LAST HE STOOD BEFORE US STRIPPED BARE. HYPROCISY WAS CAST ASIDE—the man speaking WAS TOWNLEY, STATE ORGANIZER OF THE SOCIALIST PARTY OF NORTH DAKOTA!

The attempt to keep control of the schools through the contest over Miss Nielson took ON A NEW SINISTER MEANING and some of us state officials knew that the farmers WHO TRUSTED US, WHO HAD ELECTED US, WHO DEPENDED UPON US TO DO OUR DUTY, NEEDED US A THOUSAND TIMES MORE THAN EVER THEY DREAMED THEY WOULD AT ELECTION TIME. We created a sentiment so strong that the SOCIALIST LEADERS DIDN'T DARE go through with their program. The bill they had drawn dealing with the rental value of land, the bill that they had brought to Bismarck to take the railroad company taxes away from the school districts and cities through which were running, and turn the money into a jackpot WERE ALL LEFT TO THEIR FATES.

THEY WENT AS FAR AS THEY DARED TO GO. HAD THEY AT THAT TIME HAD THE HIGHLY ORGANIZED NEWSPAPER ORGANIZATION IN NORTH DAKOTA SO THAT THEY COULD, AT THAT TIME, HAVE ACCUSED THE STATE OFFICIALS OF HAVING SOLD OUT TO THE RAILROADS, OIL COMPANIES, ETC., AS THEY AFTERWARDS ACCUSED US, THESE LAWS WOULD BE ON THE STATUTE BOOKS OF NORTH DAKOTA TODAY.

And in other states where the farmer vote is so much smaller and the labor vote so much larger than in North Dakota—because in this state it is almost infinitesimal when compared to the farmer vote, IN THESE OTHER STATES THEY ARE NOT PUTTING MANY FARMERS ON THEIR STATE TICKETS. They are going around looking for men like

Frazier, men who will meekly bow down and do their bidding—Shipstead the DENTIST whom they are running for governor of Minnesota on a so-called Farmer-Labor ticket—IS A TYPICAL EXAMPLE!

Townley and Bowen, candidates for the Legislature on the Socialist ticket FOUND THAT AS SOCIALISTS they could not put their program over, so they changed their name to the Nonpartisan Political Organization League and went out getting signers to the original farmers' program which called for the following AND NOTHING ELSE.

1. State Terminal Elevators, Flour Mills, Stock Yards, Packing Houses and Storage Plants.
2. State Hail Insurance.
3. Single Tax on Farm Loans.
4. State Inspection of Dockage and Grading.
5. Rural Credit Banks operated at Cost.

This is the program which the vast majority of farmers signed when they joined this organization.

The farmers of North Dakota, however, were taken off their guard—they were not thinking about Socialism.

They were thinking about Treadwell Twitchell and a bunch of old gangsters, who had, in defiance of their repeated expression at the polls turned down the terminal elevator—THEY WERE THINKING OF THE GRAIN GAMBLERS IN THE TWIN CITIES, CHICAGO AND NEW YORK—the gamblers who have been and who are today robbing the farmers of North Dakota.

They were thinking of the control of the elevators in North Dakota, how when they hauled their wheat to a town boasting of several elevators, that it did not make much difference which elevator they chose, that

## THEY PAID THE FARMERS JUST ABOUT WHAT THEY PLEASED.

The farmers were tired of having the will expressed by their vote at the polls laughed at; they were sick at heart of the old gang; they were sick of Alex McKenzie, and all that he stood for; they were ready for anything for a change, and they were not investigating whether that change was Socialism or Anarchism—they changed WITH AN OVERWHELMING TURN OVER.

The vast majority of the farmers who joined the organization are not Socialists. It was the leaders alone, backed up by the old Socialist party in North Dakota, aided by Socialist spellbinders, whom they imported, who were "putting it over," and some of the very men whom they had endorsed for office did not at that time understand the real situation.

"I had and I still have a copy of my speech of acceptance delivered at the Fargo Auditorium in April when I was endorsed for Attorney General. Previously the State Enforcement League, The Scandinavian Total Abstinence League, the Woman's Christian Temperance Stockholders of the Equity Co-operative Exchange had endorsed me for Attorney General. Some of the very people belonging to these organizations were in the audience that night when I was endorsed by the Nonpartisan League. Grangers and Society of Equity men were there. At that speech I pledged myself to carry out the farmers' program and used these words: "No matter what may happen, no matter what the leaders of this organization may do, if I find that they are men who are not representing the true interests of the farmers, if they are men who, instead of having the interests of the farmers at heart, are but their ene-



mies, I will fight them." Those words, prophetic as they were, later became the rallying cry of thousands of farmers of North Dakota who do not believe in Socialism.

The farmers' program called for certain definite economic changes. The farmers wanted to get a fair, honest price for his wheat and other grain—he wanted to pay only his just share of taxes, he wanted a state operated hail insurance law, and he wanted rural credit banks operated at cost—that was their program—not Debs, or Mills, or O'Hare or Roylance or any horde of imperial socialists!

The North Dakota farmer is progressive. He wanted those things because they spelled progress for him; but the farmers of North Dakota are neither anarchists, athiests, free lovers, nor I. W. W's. The farmers of North Dakota hate autoeraey and nowhere in the platform was there any authority given to the Socialist leaders to say to the State Auditor of North Dakota, Mr. Kositzky, as Townley did, when Kositzky appeared before the committee to protest against an increase in taxes:

"Mr. Kositzky, your place is up on the hill (where the State Capitol is located.) You are not elected to make laws. You were elected to carry them out after the Legislature passed them. **GET UP THERE AND STAY THERE, OR BY GOD, I WILL TAKE CARE OF YOU.**"

Or a few days later, when Townley said to Kositzky, when Mr. Kositzky was on a matter of business delivering two warrants to two members of the Legislature, sitting on the floor of the House:

"Kositzky, you were in their lobbying against the newspaper bill."

"I was not," replied Kositzky.

"You were," screamed Townley, "and I will see to it that you don't come back here two years from now."

Or when Townley said to Senator Fred Mees, because the Senator refused to betray his farmer constituents, "Go home and if necessary lie to them like a horse thief."

Or when as Attorney General, I refused to bow down before William Lemke, the Vice President and approve a bill of over six thousand dollars for alleged services and costs rendered by himself and his associate lawyers in a lawsuit, a sum to which they were not entitled and which they did not get, or when I refused to tell C. J. Olson, a league representative that under the constitution he need not consider his conscience which he feared would prevent him from voting for the newspaper bill, or when I refused to assist them in an attack on Miss Minnie J. Nielson, and a dozen other cases. I refused them the same as any other honest lawyer would have refused, and it is for this reason chiefly that in violation of their repeated written promises in the North Dakota Leader and Courier-News, that they are running the Vice President of the League, William Lemke, for Attorney General—  
**THEY DARE NOT TRUST ANY ONE ELSE TO PUT OVER THE DIRTY WORK AGAINST THE FARMERS. THEY WANT TO BE THE LAW.**

It is easy for a man who has never had the responsibility of holding a position of highest trust to call another man a crook, but the records of Townley or Lemke speak for themselves!

**EASY MONEY, TREMENDOUS POLITICAL POWER, AND THEY AND THEIR ASSOCIATES**

ALWAYS PLAYING THE FARMER FOR A SUCKER. I, a farmer's son, my sister a farmer's wife, my cousins, aunts, uncles and friends farmers, use this term in no disrespectful sense!

I KNOW THESE MEN—I was CLOSELY, INTIMATELY ASSOCIATED WITH THEM. I too thought them honest. I, too, felt they were sincere, I, too, would take off my coat AND FIGHT when their honesty of purpose was challenged!

But reluctantly, oh so reluctantly, I saw the GREED for MONEY, for POWER, for PUBLIC OFFICE develop!

I saw that they, not the farmers, controlled the Nonpartisan League—that under Section Six of the By-Laws Townley and Lemke and Wood could in defiance of every farmer in North Dakota keep themselves in office.

I saw that they, not the farmers, controlled the newspapers, paid for by the farmers' money—newspapers used by them to praise and extol Townley and Lemke—and damn honest criticism. I saw these papers cover up the crooks and scoundrels inside and attack honest men for daring to tell the truth—all in the name of Democracy! I saw that they, not the farmers, controlled the Consumers United Stores Company and when I on March 21st made a motion at the Banking Board to have the farmers run, as they have the stores company, their newspapers said I was the "enemy" of the farmers and I've heard these men and their associates talk and their talk is along the line of the following letter written by W. W. Liggett, still on the State payroll, which letter is copyrighted by Mr. J. W. Brinton:

October 8, 1919.

"Mr. Martin F. Blank,  
Hazen, N. Dak.

My Dear Martin:

I have looked over your report and I am very much pleased with it and believe that if you continue this work you can make **mighty good money**.

In fact, Martin, after you clean up Mercer county, I have a proposition to make you whereby I honestly believe you can make from \$50 to \$100 a day and be engaged in pleasant work, inasmuch as you will be going around the state and only calling on five or six of the best Leaguers in every county. Some of our salesmen have made as high as \$1500 to \$1700 a month and I see no reason why you cannot do exactly as well.

Assuring you that I am your friend and want you to succeed, I remain,

Very sincerely,

W. W. LIGGETT,

Manager Publishers National Service Bureau.

MONEY—when we were out fighting for Humanity.

MONEY—while the grain gamblers were robbing us.

MONEY—EASY MONEY—\$1500 to \$1700 from  
"5 or 6 of the best Leaguers in each county." WHAT  
A DISGRACE.

And Liggett in the employ of Townley and Lemke.

And Liggett still on the State payroll. AND THEY  
ARE ALL LIKE LIGGETT.

To the so-called Socialist leaders, THE FARMERS  
PROGRAM (So-CALLED) MEANT POWER AND  
MONEY, AND TO GET THESE AND TO HOLD  
THEM .

These men and their newspapers cry continuously about the "profiteer"—I say LET THEM NAME ONE  
LAW THAT THEY HAVE PASSED TO CURB THE

PROFITEER IN NORTH DAKOTA! FOR FOUR YEARS FRAZIER HAS BEEN GOVERNOR—TWO YEARS HE HAD TWO THIRDS OF THE HOUSE AND SENATE WITH HIM—OVERNIGHT THEY COULD GIVE RELIEF—THEY COULD PASS LAWS LOWERING THE INTEREST RATE—laws to put grain gamblers in North Dakota out of business—laws punishing profiteers in North Dakota—why didn't they?

NOT ONE ANTI-PROFITEERING STATUE PASSED BUT HOW THEY DO TALK.

To accuse honest men of crime—to deceive the readers of their newspapers—the audiences of their speakers—is these Socialist leaders a mere pastime!

P. E. Halldorson appointed receiver of the Scandinavian American Bank put up a \$100,000 surety bond—before he put a foot inside that bank. Yet they afterwards charged that he or his lawyer stole a \$10,000 bond! BUT they didn't sue him.

NO SIR.

They were too wise for that! They knew that if they sued Mr. Halldorson would prove that no such bond was stolen by himself or any one working with him—AND YOU HAVEN'T HEARD A WORD MORE ABOUT THAT BOND!

JUST PROPAGANDA.

And when I mention propaganda I cannot help but think of the little mill at Drake.

### THE DRAKE MILL

The Drake mill is an industry of the State.

The Anti-Liars Law applies to it.

The Socialist speakers are lying about it all over the northwest!

Under penalty of going to the penitentiary for one year if what I say is not true I publicly state the following:

1 That state bonds to the amount of approximately \$25,500 were sold to the people at or about Drake although the price for the mill was only \$20,000.

2 That since the mill has been running it has not paid the farmers from 12 to 50 cents a bushel more for wheat than farmers could secure at other North Dakota points.

3 That since the mill has been running it has not sold flour at 50 cents to one dollar lower than flour could be purchased at other North Dakota points.

4 That the State operated mill has not been as successfully and profitably operated as first class mill privately owned.

5 That the capacity of the Drake mill is only 12 barrels a day.

And I make all the five statements above, with the penitentiary staring me in the face.

Why?

Because I am in favor of carrying out the mill of the people as repeatedly expressed at the polls! I want the mills at Grand Forks conducted NOT SECRETLY but openly—by a nonpolitical Board of Producers and Consumers EMPLOYING EXPERTS. Politicians or Socialist leaders have no right to make the mill a political football—the people want it out of politics—tried on its merits—if it succeeds they want more state mills—if it fails they FIGURE THE MONEY SPENT IN EXPERIMENT WELLD INVESTED! But conducting the Drake mill SECRETLY IS ONLY AIDING THE GRAIN GAMBLERS IN ROBBING US!

## CHAPTER XIV

**NEEDED—A GOVERNOR TO PROTECT THE  
PEOPLE**

"HAIL, HAIL THE DICTATORSHIP OF THE PROLETARIAT." How often in the history of the nations have these words been shouted forth in ignorant frenzy on street corners, in dingy halls, in secret recesses and in socialistic gatherings, and how invariably has that cry of "Hail, Hail the Dictatorship of the Proletariat" met with disaster; ruined cities, desimated communities, impoverished countries, all attestations to historical failures.

Today there is abroad in these beloved United States of ours, the same insidious influence for evil, only a thousand times better organized in the interests of bolshevik propaganda than ever before \* \* \* (See Report and Hearing of the Sub-committee on the judiciary of the United States Senate, submitted pursuant to resolutions 307 and 439.)

Millions of dollars, newspapers by hundreds of thousands in all languages, agitators of almost every nationality and description are working secretly and openly by day and by night **TO OVERTHROW OUR ESTABLISHED SYSTEM OF GOVERNMENT. TRULY THIS CHALLENGES THE RED BLOOD OF EVERY AMERICAN CITIZEN.**

We who read history sometimes wonder whether the American people will make the mistake of the old Roman citizens, whether here too luxury, dissipation, avarice and disregard of law will result in disintegration.

Greed of money and avariciousness have taken their toll in North Dakota, but not as much propor-

tionately as in some other states. We have men in North Dakota, some of whom came here poor, men who by their hard work and the grace of God have accumulated a hundred thousand dollars worth of property, and many of these men live and die, **DOING JUST AS LITTLE AS POSSIBLE FOR THEIR STATE.**

Scores of them are entirely ignorant of political conditions in the state, hundreds of them know so little about the history of our state that they cannot name the governors we have had, thousands of them know almost nothing about the constitution of the state.

**MONEY** to most of these men **IS THEIR GOD. LIBERTY, FREEDOM OF SPEECH, THE RIGHT OF FREE ASSEMBLAGE TO THEM ARE BUT DIM HAZY TERMS,** except when they affect **GOOD BUSINESS.** These men work from seven in the morning until eleven at night—**ACCUMULATING MONEY** and the **OLDER** they get **THE LONGER THEY WORK.** Their objective is an occasional trip to Florida or California, **AND MAKING MONEY..** Contribution to churches constitutes the major portion of their charity.

To men like these the cry of "Hail, Hail to the Dictatorship of the Proletariat" comes as a stunning, overwhelming surprise. They are totally unprepared to cope with reckless irresponsible agitators who rave about evils that never existed, who magnify economic ills which the people have suffered, and are suffering, who paint rosy pictures of prosperity and plenty to the multitudes and who, if followed, will bring but ruin, want and impoverishment to their converts.

Here in North Dakota which the **SOCIALISTS OF THE UNITED STATES HAVE CHOSEN FOR THE**



BATTLE GROUND, here where have come Debs, several times candidate for the United States Presidency, Russell, former candidate for Mayor New York City, Walter Thomas Mills, candidate for the United States Senate from California, Kate Richards O'Hare, chairman of the Chief Committee of the Socialist party; Arthur Le Seuer, former candidate for the Presidency of the United States, Meitzen, former candidate for governor of Texas, Bill Haywood, the organizer of the I. W. W., David C. Coates, former lieutenant governor of Colorado, the man who in 1905 helped Haywood organize the I. W. W., Carl D. Thompson, the head Socialist of the public ownership league of the United States, Van Lear, former Mayor of Minneapolis, Max Eastman of New York City, the leading international Socialist in the United States, and hundreds of Socialist agitators, lecturers and organizers and authors of Socialist books—here we are **FACE TO FACE WITH THE ENEMY—THEY, NOT US, CHOSE THE BATTLE GROUND!**

**WE COULD NOT EVADE THE FIGHT IF WE WOULD.**

These have ALL come here, ALL THOROUGHLY PREPARED TO ARGUE, AGITATE, DEBATE and whom have they met to off-set their attack on the American system of government?

How many business men in North Dakota, rich or poor, are competent to meet these men in argument or debate? How many farmers, how many laboring men, how many lawyers, have chosen to accept the gauntlet of battle thrown down by this horde of Socialists **WHO HAVE SEIZED THE GOVERNMENT OF THIS COMMONWEALTH, ITS PUBLIC MONEY, ITS VERY LIFE?**

The small farmer, the laboring man, the lawyer, the

banker, the merchant have always depended upon the officials whom they elect to office, and chiefly upon the Governor, to run the affairs of the State, BUT IN NORTH DAKOTA THE SOCIALISTS HAVE CONTROL OF THE GOVERNOR.

When the interests of the common people and the Socialists conflict, as they have conflicted, the governor is lined up with the Socialists. The result is going to be WHAT?

It all can terminate in but one way—North Dakota citizens will awaken, business men, farmers, laborers will devote as much TIME TO OUR AMERICAN SYSTEM OF GOVERNMENT AS THEY HAVE TO MAKING MONEY. Wealthy farmers and business men will stop making money. They will say to themselves. "I am worth \$100,000. I have enough for my family and myself. I am fifty-five years of age, for fifty-five years this government has protected me. THESE LAST FEW YEARS OF MY LIFE AND THOUSANDS OF DOLLARS OF MY MONEY I WILL DEDICATE TO MY STATE AND COUNTRY. FOR EVERY NEWSPAPER CONTAINING LYING PROPAGANDA, we will PUBLISH TWO, FOR EVERY SOCIALIST AGITATOR, WE WILL FURNISH A DOZEN NORTH DAKOTA CITIZENS TO CARRY THE TRUTH TO THE PROLETARIAT.

Man for man, brain for brain, WE WILL FIGHT TO PRESERVE THOSE THINGS WHICH OUR FOREFATHERS FROM RUSSIA, FROM GERMANY, FROM ENGLAND, FROM SCOTLAND, FROM NORWAY, FROM SWEDEN, AND FRANCE, AND FROM ALL THE COUNTRIES CAME TO ENJOY—LIBERTY.

You can have no liberty if you cannot choose untrammelled the men who are to govern you. You cannot have liberty when Socialists, Republicans, Demo-

ocrats or any one else has control of a political machine WHICH IS STRONGER THAN THE PEOPLE THEMSELVES. A machine which in any county in North Dakota today, over night, can create hundreds of jobs and fix their compensations. A machine which can use millions of dollars of public money in North Dakota to finance those jobs. A machine which can import and place on the state payroll the leading Socialists, not only from the United States, but from foreign countries. A machine so powerful that IT CAN ATTACK COURTS WITH IMPUNITY, frighten business men with loss of livelihood, terrify farmers by their amalgamation with the I. W. W., threaten labor with the ghost of unemployment and mislead the average men by scores of newspapers containing false attacks.

A machine so powerful that no individual alone can withstand it.

A machine managed by men without honor, men cold bloodedly unscrupulous, men ignorant of history, men without any regard for your ruin or mine, men without political morals, and wanting in ideals of justice, equality or right. Men not unlike those agitators who will go into enormous factories, paying the highest wages and say to the employees, "THIS IS YOUR FACTORY, SIEZE IT."—Ignorant agitators who don't tell those employees that if all industries were so siezed that instead of high wages and prosperity they will have suffering, starving, ill clad, hungry families on their hands.

WHY, SAY SOME FARMERS, WHAT HAVE WE TO FEAR FROM THE SOCIALISTS, WE ARE NOT SOCIALISTS, WE ARE NOT I. W. W'S., WE HAVE A 'FARMERS' ORGANIZATION. THE POLITICAL MACHINE IS OURS, THE LEADERS ARE CHOS-

EN BY US, WE CAN REMOVE THEM AS EASILY AS WE ELECTED THEM.

CAN YOU?

I SAY YOU CANNOT.

I say that you are BOUND, CHAINED, HALTERED and TIED. I, your Attorney General, the man whom you elected because you TRUSTED ME, I say you have no more to say about this organization run by the Socialists than have the natives of the Philippines. Read the by-laws of your articles of association, read Section Six which provides that this organization shall be run by three men, Townley, Lemke, and Wood, two of them as you know, men who ran for office on the Socialist ticket, and Lemke, the personal attorney for Townley. They run the organization—you cannot get rid of them.

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Section 6:

The National Executive Committee shall consist of three members, one of whom shall be the chairman thereof. The first national executive committee shall consist of: A. C. Townley, who shall be chairman of the national executive committee and president of the National Nonpartisan League, and he shall hold his office for a period of two years from January 1, 1917; William Lemke, who shall hold his office for a period of four years from said date; and F. B. Wood who shall hold his office for a period of six years from said date.

Thereafter, at the end of each two year period, the NATIONAL EXECUTIVE COMMITTEE (Townley, Lemke and Wood) SHALL NOMINATE ONE PERSON as A CANDIDATE TO SUCCEED THE MEMBER OF THE COMMITTEE WHOSE TERM EXPIRES. Such nomination subject to the approval of the national committee.

(The "national committee" of each state is originally appointed by Townley, Lemke and Wood.) And so when Townley's term expired January first, 1919, Townley, Lemke and Wood renominated Townley—and then us members were asked to "ratify"—with **ONE NAME ON THE BALLOT!**

**OR READ SECTION 14** which provides that in case of the death of any one of these three men or in case of vacancy **THEY, NOT YOU**, select the man to fill the vacancy.

**ALL** you do is to **FURNISH THE VOTE AND PAY THE MONEY. THEY PICK THE OFFICERS AND SPEND THE MONEY.**

And when they pick the officers they pick Socialists or radicals who are responsible **TO THEM—NOT YOU.**

And when you go out among your neighbors and protest you are called **A CROOK AND A LIAR.**

And when the man you elected to office goes out and protests he is called an ambitious man looking for office, a taker of bribes, a crook, a thief, and a scoundrel.

**Liberty—you have none, YOU ARE SLAVES—**slaves to a system which is fooling the people by lying newspapers.

They pay an organizer out of **YOUR** money to come to **YOUR** house and lyingly tell you **HOW YOUR NEIGHBOR, WHOM YOU ELECTED RAILROAD COMMISSIONER, WHOM YOU HAVE KNOWN FOR YEARS, HAS SOLD YOU OUT.**

They send another man to get your money to buy a newspaper—a paper which **YOU DO NOT CONTROL** but **WHICH IS IN THEIR CONTROL**, and which is used by them against **YOU TO RUIN YOU.**

They use your money, the very notes you signed

to JEOPARDIZE YOUR BANKS and to help pay men like Mills who advocates that THE GOVERNMENT, NOT YOU, SHOULD OWN THE LAND; THAT YOUR FARM SHOULD BE THROWN INTO A JACKPOT, be owned in common, that you should become a tenant, not a RENTER, NOT A FREE MAN MAKING A CONTRACT WITH ANOTHER FREE MAN TO FARM HIS LAND for him at half crop, BUT THE OCCUPIER OF LAND OWNED BY THE STATE, and "The State" will continue to be a bunch of Socialists who USE YOUR TAXES AND MONEY TO KEEP THEMSELVES IN OFFICE AND TO COMPEL YOU TO PAY HIGHER TAXES.

And when you think you CAN VOTE THEM OUT YOU CANNOT. You will find arrayed against yourselves the political MACHINE YOU HELPED TO CREATE. The Bank of North Dakota with its millions of money and gangs of appraisors, the Hail Insurance department with its adjustors, the Home Building Association with its hundreds of employees, the Mill and Elevator Association with its quota of buyers, grain dealers and experts, the Immigration Department with its employees, the Fish and Game Board with its late fourteen hundred deputies and special deputies, and crews from the other departments consisting of men who are either SOCIALISTS OR PERSONS IN THE INDIRECT EMPLOY OF THE SOCIALISTS, men and women whose livelihood depends in most cases upon their jobs, men, TRAVELING ALL OVER THE STATE AT SO MUCH PER DAY AND SO MUCH PER MILE AND YOU, WHO PAY THE BILLS, YOU ARE THE SLAVE.

Can you today examine the Mill and Elevator Association to ascertain whether there are "profits" there or whether there are none? WHY SHOULD YOU, THE

TAXPAYERS, BE COMPELLED TO TAKE THE WORD OF A SOCIALIST BANK EXAMINER APPOINTED BY FRAZIER? The men you elected examine the finances of the insane asylum, the twine plant, the various normal schools, the Agricultural College and the University, which between them handle several millions of dollars every biennial period—why shouldn't these same men be allowed to examine the additional industries?

WHY SHOULD YOU BE COMPELLED TO TAKE THE WORD OF MEN WHO HAVE REPEATEDLY LIED TO YOU ON THE IMPORTANT matters of the government of your state?

Can you today examine the Mill and levator Association to ascertain whether these men are telling the truth? When they tell you that they are selling flour for less than you can buy it anywhere else, and paying you more for your wheat, shouldn't you have the right to ascertain whether or not this is just the plain political cheap clap trap of lying demagogues and crooks?

Can you examine the Home Builders Association to ascertain whether the State of North Dakota is making or losing money on this transaction, or MUST YOU TAKE THE WORD OF MEN WHOM THE SOCIALISTS HAVE PLACED IN CONTROL, AND RUN THE RISK OF BEING CALLED A CROOK IF YOU DARE QUESTION THEIR STATEMENTS?

Why should everything about these industries BE SECRET?

WHY THE SECRECY?

WHY IN HEAVEN'S NAME, WHY?

THEY TELL US THESE INSTITUTIONS ARE FOR THE BENEFIT OF THE PEOPLE, THAT THEY ARE WORKING OUT WELL, THAT IN A

FEW DAYS THEY MAKE ENORMOUS AMOUNTS OF MONEY, THAT THE PROFITS ALL THE TIME ARE LARGE, THAT THE TAXPAYERS ARE BENEFITED.

WHY, THEN, IF ALL THESE THINGS ARE TRUE SHOULD NOT THE TAXPAYERS BE ALLOWED TO SEE FOR THEMSELVES THE AMOUNT OF THE BENEFIT TO THEIR POCKET-BOOKS?

The Governor whom you trusted, the governor who betrayed you, the governor whose smiling smile was in REALITY THE HIDIOUS MASK OF AUTOCRACY, has issued the order that your BANKING BOARD elected by you, has no authority in banks—that the SOCIALIST WHOM HE APPOINTED, ALONE, SHALL INVESTIGATE THE PUBLIC INDUSTRIES OF NORTH DAKOTA.

YOU ARE KEPT IN IGNORANCE?

You are asked to trust Townley and Lemke and Frazier who have repeatedly lied to you, who have betrayed you.

You are asked to trust the Socialists whom they have imported.

You are asked to damn any state officer who refuses to take their orders.

You are asked to hand the organizers more money.

You are asked to pay increased taxes.

You are asked to pledge THE STATE'S CREDIT TO MILLIONS AND MILLIONS OF DOLLARS.

And all in the name of a FARMERS' ORGANIZATION—NOT RUN BY THE FARMERS—BUT BY THE SOCIALISTS.

What the people of North Dakota need, farmers, business men, laborers, all of you, IS A GOVERNOR—a governor backed up by an independent legislature



who will say to the Socialist leaders in North Dakota, "You have used the North Dakota funds, the North Dakota people, the North Dakota Industries, the North Dakota Credit, AS MUCH AS YOU ARE GOING TO.

We, THE PEOPLE, ARE GOING TO RUN THE STATE OF NORTH DAKOTA OURSELVES. Instead of SLAVES, we are going to be MASTERS!

Instead of having you run the Bank of North Dakota, WE will appoint a board of North Dakota citizens to run it for us, a board that will be OUT OF POLITICS, a board that will have on it the BEST FARMERS, THE BEST LABORERS, THE BEST BUSINESS MEN WE CAN GET, men some of them worth \$100,000, who wish to devote the last years of their lives to MAKING THE BANK OF NORTH DAKOTA A SUCCESS.

Instead of having you Socialists run the Mill and Elevator Association, we are going TO APPOINT A BOARD OF FARMERS AND LABORING MEN TO RUN IT FOR US—a board that will let us ascertain the truth—a Board that will have all the viewpoints of the Proletariat.

You could have placed the Bank of North Dakota, the Mill and Elevator Association, the Home Building Association, all the industries of North Dakota, IN THE HANDS OF THE FARMERS AND BUSINESS MEN. YOU COULD HAVE GIVEN THESE INDUSTRIES TO US AND TAKEN THEM OUT OF POLITICS.

You did not. WHY?

Was it because, as Townley said, that if WE controlled these industries OURSELVES, instead of the SOCIALISTS controlling them, he would no longer be able to collect \$18.00 a piece from us? That THE

REASON for paying the \$18.00 would be gone! WASN'T IT BECAUSE THE SOCIALIST POLITICAL MACHINE WOULD HAVE COLLAPSED?

We say to the Socialist horde—WE THE FARMERS OF NORTH DAKOTA, THE LABORING AND BUSINESS MEN OF NORTH DAKOTA, with boards of our own appointment in charge of these industries, we will, by the hiring of experts to run them along nonpolitical lines, make a success of the Industrial Democracy which we thought we were getting when we gave Governor Frazier 87,000 votes to 20,000 in 1915!

WE WILL ESTABLISH AN INDUSTRIAL DEMOCRACY SO DESIRABLE THAT MINNESOTA, MONTANA, WISCONSIN, COLORADO, AND ALL THE REST OF THOSE STATES THAT ARE REPRESENTED BY STARS IN THE FLAG OF THIS COUNTRY, will follow it, and in unison, without any change in our splendid system of American Government, WE WILL CRY, "HAIL HAIL TO THE DICTATORSHIP OF THE PROLETARIAT."

A PROLETARIAT, consisting of EVERY HONEST MAN, WOMAN AND CHILD IN NORTH DAKOTA. A PROLETARIAT THAT HAS RESPECT FOR BRAIN, FOR ENERGY, FOR INDUSTRY, FOR BRAWN, FOR LABOR, BUT WHICH WILL NOT TOLERATE SENSELESS, RELENTLESS, REMORSELESS AGITATION OF SOULLESS, UNSCRUPULOUS, ATHEISTIC SOCIALISTS.



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