

## Why Don't People See It?

By JOHN C. LINCOLN

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THE real estate experts who pick locations for chain stores in cities throughout the land know what they are doing. They know that the most desirable sites are not the cheapest but the busiest. They don't bother to ask the landowner what he has done to give value to his land. They wouldn't listen to him if he tried to tell them, much less believe him. For they know that the landowner has done nothing, and can do nothing as a landowner to make his land valuable. If he could have, he would have. They know, those experts, that it is the presence and activity of people, and nothing else, that give value to land. And so, in considering a site as a possible location for a store, they count the number of people passing the spot. That gives them the information they want, the information they will proceed to act on. And they are not called theorists, fanatics, crackpots or Socialists. They are called shrewd businessmen — which is what they are. It is a great pity that the framers of our tax and land laws are less well informed.

How land values grow with population is graphically shown by what was known as the Eden Farm when it was bought for \$25,000 by the first Jacob Astor in the early 1800's. Today those same acres constitute a choice piece of New York City real estate lying north of 42nd Street and extending from Broadway west to the Hudson River. The tract was appraised at 30 million dollars in 1900. It may be worth double that amount by this time. Present-day occupants of the ground that was once the Eden Farm pay rentals which are based on a valuation not of \$25,000, or 30 million, but on the present value of 50 or 60 million.

Now the purpose of this letter is not to felicitate the Astors who get, not to say get away with, millions of dollars a year in ground rent without rendering any service of any kind in return. Nor is it to commiserate with the tenants. The important thing is not who pays ground rent but who gets it. When the community wakes up someday and shows gumption enough to claim ground rent as its own, tenants will still have to pay rent though probably at much lower rates because the artificial scarcity created by the withholding of land from use will have come to an end. My purpose is merely to point the folly of permitting billions of dollars in ground rent to be collected annually by private landowners, not one of whom has done any more to give value to land than has any other member of the community, instead of applying those billions against our tax bill.

In his *History of The Great American Fortunes*, Gustavus Myers says that Vincent Astor's land holdings in New York City were estimated at the time he came into possession of them to be worth around 70 million dollars, and to be producing ground rent of some ten thousand dollars a day. Now, to the people of New York City collectively, the privilege of living and working in that great metropolis may be worth many times ten thousand dollars a day, but the question arises: Why should any part of it,

even ten dollars a day, be paid to Vincent Astor? It is a matter of record that much of the Astor land in New York City is owned by the English branch of the family. It would be interesting to know what they, the British owners, are doing for New Yorkers that New York-

ers should send them millions of dollars yearly. Is it because of the "judgment and foresight" of an ancestor? The fortunate possessor of "judgment and foresight" has no claim for remuneration except as he exercises his "judgment and foresight" in the production of wealth or in service to society. Possession of those qualities does not confer upon any individual the right to get something for nothing. Is it because a forebear *bought* the land? What that forebear bought — and, incidentally, his total payment was probably less than his descendants are now drawing annually in ground rent — was the privilege of collecting tribute, the legalized privilege of getting something for nothing. Ground rent is what land is worth for use, and the fabulous value of New York City land today is due almost entirely — geological forces play a small, very small, part — to population growth and activity. Not by the widest stretch of the imagination can the Astors be given credit.

As suggesting what would happen under the public appropriation of ground rent, imagine a highly fertile island, as large as the continent of Australia, popping up out of the Pacific ocean. Imagine that any American so wishing could be transported to the island instantly and could take up without purchase price all the land he could make use of. Then ask yourself these questions: What would be the effect on wages and employment in America, and what in the island? It must be evident that in both places there would quickly be more jobs than men to fill them, and that the production of wealth — the sole source of wages — would rise to unprecedented levels.

As suggesting how our present system of land ownership operates to retard production, hold wages down and prevent living standards from rising as they otherwise would, imagine a ship's crew being wrecked on not a desert but a fertile island, with all means of escape cut off. Then ask yourself this question: Would it make any difference in the material well-being of those shipwrecked men if one of their number could say to the others, and get away with it, "You men get busy out there making things and growing things, I'll allow you to keep enough of what you produce for your physical needs and the rest I'll take as my own. For, get this, you are my slaves. You'll do as I tell you, or die." Or if one of their number could say, and make it stick, "You men are free to work here or not as you please. But, remember this, this island belongs to me, this land is mine. If you work, you will bring to me as ground rent that part of what you produce that I shall require. The rest you may keep for yourselves. You will work here on my terms, or you won't work at all — you'll starve."

Needless to say, no such island is going to pop up out of the ocean, but the unused, or but slightly used, land in the United States is roughly equal in area to Australia. If that land were made readily available, as it would be with the public appropriation of ground rent, the same increase in production, employment and wages would take place, and taxes which now burden industry could be cut by billions yearly. The second example was cited merely as showing the extent to which masters of the land may become masters of the landless.