

CHAPTER XVI

ROYAL GRANTS AND BASIC WEALTH

There are numerous illustrations of these fundamental facts within the experience of everybody. Let us consider a few.

In reading the early history of the development of this country one is amazed to find that numerous large tracts of the then unexplored wilderness were granted away by foreign kings or governments to royal or governmental favorites. When the settlement of the Hudson River and Mohawk valleys was commenced, no settler between New York City and what is now Syracuse could find any land upon which he could go and produce wealth and establish a home, without paying tribute to some alleged owner, frequently a resident in foreign lands. The same thing is true as to vast tracts of territory along the whole Atlantic seacoast. All New Jersey was conveyed in two grants from the English king.

How Cotton Gin Increased Land Values

Another striking illustration is cited by Beveridge in his life of John Marshall. He said that the cotton gin invented by Eli Whitney increased the value of all lands capable of bearing cotton 300 per cent in five

years, and, incidentally, Whitney never received a dollar of compensation for his marvelous invention. Can any injustice more monstrous be imagined than that the one who rendered an incalculable service received no reward, but the fortunate possessors of the cotton lands, who even at that time were a comparatively small proportion of the population, should receive this enormous and totally unearned reward? Did not these people come under Lincoln's definition of those who are few in number saying to many in number, "You work and earn bread and we will eat it?" How do you distinguish the right of these land owners to this unearned value from the right of the slave holder to the property produced by the slaves?

Two and a Half Billion Dollar Profit from Privilege

Samuel Untermyer is authority for the statement that the construction of the subways in New York City increased the value of land contiguous to the subways more than eight times the total cost of the subways. Paul Blanshard has verified this statement by a careful study of the facts. Assuming that the subways cost three hundred million dollars, the value thus conferred upon land owners, who rendered no service whatever, amounted to two and a half billion dollars. We talk about Tammany corruption, but where are the rulers of Tammany who in less than ten years have ever stolen from the public anything like two billion dollars, and put it in their private pockets? If Judge Seabury could have brought home to Tammany thefts of this magnitude the sensation would have gone around the world. What is the moral justification of

the monstrous injustice of this transfer of publicly created wealth into private hands? The injustice is intensified by the fact that so many of the beneficiaries of this magnificent gift were rich people, and did not need this additional wealth, and those from whom ultimately it came were mostly poor.

Land Rentals a Form of Slavery

Follow this illustration further and answer this question. Where did the actual wealth thus created come from, and how did it take tangible form? It did not come from the city or the subway. The increased land values resulting from this enormous improvement enabled the owners to charge or realize that much more for the use of the land, and that additional rental had to be paid by storekeepers, by tenants, by those who prosecuted business upon the land thus benefited, and those additional rents had to be passed on to the consumers of the goods produced or services rendered upon that land. Can a clearer illustration be conceived of the proof of Lincoln's statement as applied to these land owners, who by the supreme folly of our system were able to say to the myriad of people from whom this contribution ultimately was extracted, "You work and earn bread and we will eat it"?

If the cost of the subways had been assessed upon the lands benefited, as we assess the cost of a sewer in a city street, the subways would have been built without the issuance of any bonds, and the interest thereon would not have had to be earned, and the result would have been that the three cent fare would have been the maximum charge from the opening of

the subways. The millions of people who use the subway daily, and who are mostly poor, are thus made to pay an unjust tribute out of their scanty wages.

Follow the illustration to its logical conclusion. If a benefit assessment of one eighth of the total benefits conferred would have ensured a three cent fare to two million people each day, consider what could be done if we took into the treasury the other seven eighths of the benefits conferred by the subway construction upon the contiguous land owners. Consider also what could be done if we took into the treasury the total rental value of the land of New York, which was created by the increase in population and other activities.

If the population of New York City is placed at eight million, and a land value is placed at \$1,000 per capita, or eight billion dollars, 5 percent on this sum would be four hundred million dollars a year. If ground rents in London are two billion dollars a year, this estimate is very conservative. It would mean a saving equal to two hundred dollars for every family. It would probably be a conservative estimate to say that ground rents in the United States if taken into the public treasury would aggregate more than three billion dollars, or twice the national budget.*

*Foot Note—Mr. Record may have underestimated the rental values of land in the United States.

The World Almanac reports the "assessed" land values, without improvements, in the United States, to be 125 billion dollars. Land values are notoriously underassessed. The true value is probably in excess of 300 billion dollars, and is constantly growing. At 4% the rental value of unearned increment figured on 300 billion dollars would net 12 *billions* a year for the possessors of land in the United States. No other privilege in the United States approaches this in importance and value. J. G. B.