Do rentiers spend a little rent to guarantee receiving a lot of rent?

CHAPTER 12

Money Talks … And Silences?

You know unemployment has gotten bad when the 1% starts laying off Congressmen.

"Rentention" – Hard Habit to Break

Land is still a goldmine. In "The Rate of Return on Everything, 1870-2015," economists Oscar Jorda, Katharina Knoll, Dmitry Kuvshinov, Moritz Schularick, and Alan Taylor compare stocks, bonds and housing over the past century and a half. They find the return on residential real estate [sitting on land] has been as high as or higher than the return on equity. As modern economies have grown and developed, owners of the ground on which we live have been steadily enriched.

While our seeking to know the worth of Earth in America is an economic quest, it unavoidably runs up against political hurdles, more formidable than many imagine. *One hundred of the wealtiest American families own as much land as New England*. Their shell companies buy up vacant lots in pricey cities like New York. Those banking the payments we make for the nature we use likely intend to keep on doing so.

The wealthy may worry that if public awareness of natural rents were to increase, then their private concentration of such rents might decrease. Upon learning of the immensity of this socially generated surplus, some people would reflect upon the facts that nobody made Earth, everybody needs land, and population density creates its value. Location rent is a free lunch for somebody. As Rex Nutting of CBS MarketWatch notes, "Billionaires haven't earned all they have."

People could consider what to do with all that spending that never rewards anyone supplying any labor or capital but mostly those controlling land. The electorate might choose a more equitable arrangement ("The time may be right for land-value taxes," *The Economist*, 9

August 2018). Inequality is a concern of even the market-oriented (and of a fellow Oregonian).

> *"A 1% increase in housing costs [housing on land] increases income inequality by 0.125%, spending inequality by 0.248%... [in a] survey of 1,767 leaders from academia, business, government and non-profits, The World Economic Forum ... found increasing income inequality to be top global concern in 2015."*
>
> –*The Conversation*

If you're accustomed to receiving rent, what are you going to do? Forgo it? Or spend some of it to keep on getting most of it? Those who now receive the lion's share of our spending for land – wealthy lenders and speculators – don't lack for power and usually get what they want. Have they shaped data gathering? Do rentiers discourage research into land and rent? So other governments don't take an Aspen turn? (Ch 40) As a who-done-it, the obfuscation of rent is an open-and-shut case. The motive is the possibility of losing rent; the means is rent itself.

Forbidden Knowledge

That the rich and powerful pay the piper and call the tune is par for the course. Suppressing research, monopolizing and massaging knowledge, it's what elites do. Centuries ago, if an astronomer measured planetary orbits exactly, the ruling elite had kindling piled around a stake. While the *auto da fe* is not currently a threat, the Goliaths (veteran distorters of truth) still keep a lid on the Davids (wannabe discovers of truth).

While the gentry usually enjoy smooth sailing, occasionally they encounter stormy waters. A century and half ago, the biggest fortunes were amassed by those able to win ownership of railroads – which actually raked in more money from the land they were given by Congress than from the freight and passengers they carried. Congress, in exchange for stock and seats on boards of directors, also granted near monopolistic ownership of timber for track ties to what became today's Weyerhauser.

The people did fight back with muckrakers and unions. Also, millions from all walks of life, inspired by Henry George during the final quarter of the 1800s, promoted a *"Single Tax on locations."* In response, John D. Rockefeller *gave $1,000* to Republican candidate Teddy Roosevelt to defeat Henry George, and the powers-that-be robbed George of his victory in the mayoral race of New York.

The third most popular American after Mark Twain and Tom Edison, George was in demand as a speaker all over the world. While on tour in the UK, he had to flee for his life from thugs sent to kill him. What ended his life prematurely was his arduous travel itinerary and too many cigars (one was named after him before the Baby Ruth candy bar was named after the baseball hero), but his followers kept battling.

When the popular movement to publicly recover socially-generated rents was a force to be reckoned with, the rentiers did reckon with it. They quashed the movement at every turn. Since power corrupts, the gentry corrupted not just politics but also economics. Of all the social studies, none is as relevant to the most powerful elements in society as is economics.

Dr. Mason Gaffney, UC-Riverside, tells us in *The Corruption of Economics* that those corporations – AKA the "Robber Barons" – funded the universities that then were creating the nation's first departments of economics.

- Rockefeller oil money at Chicago;
- Timber money at Cornell;
- Railroad money – Union Pacific is still the *biggest* landowner in California – at Stanford and Johns Hopkins;

And so forth.

During the formative stages of the discipline, the newly degreed economists ignored the role of rent and submerged nature's land into humanity's capital. They did so despite land being one of the three factors of production in classical economics, and still is in real-world economies. Those founders focused overwhelmingly on labor and capital, reinforcing the boss-versus-worker paradigm. With land out of the picture, rent got the boot next. There was no reason to count that which no longer counted. As land disappeared into capital, rent disappeared into the ether.

Knowledge Appeals to Privilege

The rich still fund only what they like.

Donors often give such large amounts after they have developed 'long and careful' relationships with universities, and after college officials have a full understanding of the donor's passions.

– Kellie Woodhouse, "Does Harvard Need Your Money?"
Inside Higher Ed

Wealthy donors have strong feelings about how nonprofits should utilize their contributions.

– Claire Costello, National Philanthropic Practice Executive for US Trust, "Understanding motivations, challenges and expectations of wealthy donors" in Giving Tuesday,
owned by Bank of America.

The fraction of time I go ahead and do what he asks isn't as high as you think.

– U of Michigan President Mark Schlissel said of billionaire real estate developer Stephen M. Ross, who pledged $328 million to the university
"Demanding Donors to Colleges, Universities Hold Sway" in *Free Press*

… 26% of funds donated to universities in 2014 went to endowments with restrictions (meaning income from these endowment gifts is designated by donors to a particular purpose), while 1.6% went to endowments without restrictions on the use of income. Fifty percent of gifts went to restricted current operations, and 7% were completely unrestricted; 13.5% of donations came in the form of or were for the purchase of property, buildings and equipment …

– "11 Huge Gifts Made to Universities by the
Super-Rich Over the Past Decade"

Major donors – rentiers – dominate the conversation by funding only the research that agrees with them. They ignore the topics that don't suit, or may even threaten, their interest. By determining what's considered legitimate topics of research, they marginalize and even make controversial any formal study of certain fruitful subjects.

For their role, universities are part of the local growth machine via their construction campaigns. They are often some of the biggest landlords in some of the poorest neighborhoods. One egregious example is Yale acting as a slumlord in New Haven Connecticut although they've been trying to do better.

New buildings are needed in part to house the study of not socially-generated rent but of real estate. The number of real estate schools and departments has proliferated at dozens of universities, all funded by the industry.

The accumulated effect of the preponderance of all this funding has been to keep rent, society's surplus, society's spending for land and resources, out of academia.

COMPLIANT ECONOMISTS

Rentiers could lash back at specialists if they go against prevailing winds and reveal the size of rent to the public. But the gentry don't have to. Once a worldview gets institutionalized, it gets awfully hard to change. Normalcy bias sees to that. Outside a rare course-correction, more interference from above is not much needed. Donors don't have to be heavy-handed. They can be quite discrete. They don't censor. They don't have to.

In service of the elite for over a century, the economics discipline has not been self- correcting. Not many if any in the field object to the loss of land as a factor. Thus the lack of scientific rigor in economics is not sloppy or accidental; it's political. It's an inevitable result of subtracting land.

The behavior of academics is natural enough. It's the nature of domesticated animals, such as civilized humans, to obey, even lionize, those higher up in the hierarchy – and donors outrank economists by a long shot. Beyond that instinct, economists are subjected to another one: self-preservation. That gives academics and bureaucrats a more pressing reason not to rock the boat.

By making it difficult for economists to take in the entire panorama of economies in action, the elite have made it difficult for anyone to poke their nose into society's spending for the nature it uses. Lost to sight were not only rents, the sources of great fortunes; Didier Jacobs of the Center for Popular Economics calculated that, "when it comes to the very richest Americans (Forbes' billionaires), 74% of their wealth is derived from rents." (in "Are Billionaires Fat Cats Or Deserving Entrepreneurs?," March 2, 2016). But also lost, to society's detriment, the driver behind the business cycle. By handicapping economists, rendering them unable to forecast booms and busts, rentiers deprived society of what could have been a useful science.

If you're not a science but want to look like one, what are you going to do? Rentiers control rewards, both monetary and prestigious. They could pirate a prestigious prize and gain the patina of science.

Counterfeit Nobel

In the perilous 1960s (perilous to the gentry), central banks (owned by rich families of old money) lobbied the Nobel committee to give a prize to economists that the bankers offered to fund. Alfred himself left no money for economics, a field held in such low esteem back then by real scientists. Nobel also snubbed mathematics, some say because a woman he was enamored with was wooed away by a mathematician. Rather than lobby the Nobel committee after Alfred's death to be laureated, the mathematicians created their own prize, the Field Medallion. Yet few have heard of the Field Medal while the whole world knows about Nobel laurels.

Bankers wanted that name's prestige for their pet field and, notes *The New Yorker's* economics reporter, John Cassidy, ponied up the prize money (Dec 2, 1996). The Nobel committee caved, mostly. Rather than bestow the faux prize in the annual awards ceremony in Nobel's native Sweden, economists must do so in nearby Oslo. There, too, do-gooders for peace give out their prize using the family name, beginning well after Alfred died. *Alfred's descendants have asked the bankers funding the false prize to quit using their family name,* notes Hazel Henderson at her site, Dec 30, 2004. So far, the bankers and the committee have turned a deaf ear.

Note the double standard. When Levi's complains about a fly-by-night clothier in, say, Vietnam, slapping the Levi's label on subpar jeans, everyone agrees those jeans are counterfeit. But when central bankers slap the Nobel family name on their favorite economist *du jour,* nobody in the mainstream media utters a peep.

According to Avner Offer and Gabriel Söderberg, authors of *The Nobel Factor: The Prize in Economics, Social Democracy, and the Market Turn*, the award serves elite interests. Global bankers have given their prize to an academic focused on society only once, to the Swede Gunnar Myrdal in 1974 (who, ironically, later turned against socialism). Every other year it went to economists more friendly to business interests.

Many people assume that what the prize covers is science and what it leaves out is not – a huge bias in favor of the status quo and against geonomics. Yet neither faction of economists – neither those who are pro business nor those who are pro society – is very scientific, since neither distinguishes between spending that rewards lobbying for privilege and spending that rewards production of real goods and services. The award has continually reinforced the primacy of the present biased market in which the winning of rent is no different from profiting from production.

Banks, The Collector for Rentiers

Our overlooked land and our conspicuous money meet is at the bank. Banks make most of their money off mortgages. Consumer lending makes up the bulk of North American bank lending, and of this, residential mortgages make up by far the largest share. It's mainly mortgages – payments for land besides buildings – that make F.I.R.E. (Finance, Insurance, & Real Estate) the biggest sector in the GDP.

Locations are valuable and often change hands (thanks in part to job transfers and to the high divorce rate). The turnover of that asset means more profitable business for banks. The higher the bids for land, and the more often land sells, the more banks profit.

According to professors Jordà (also with the Federal Reserve), Taylor, and Schularick (above) in their *The Great Mortgaging* (CEPR's VOX, 12 Oct 2014), banking today consists primarily of channeling savings back to families to buy real estate. In advanced economies, banks resemble real estate funds: borrowing (short) from depositors and capital markets to invest (long) in assets linked to real estate.

They continue. Since the founding of the Federal Reserve in 1913, nearly all of the increase in the size of the financial sectors in Western economies stems from a boom in mortgage lending to households. By contrast, financing the business sector has remained stable over the 20th century in relation to GDP.

Household mortgage debt has risen faster than asset values, resulting in record-high leverage ratios. Mortgage credit has generated financial fragility of household balance sheets and the financial system itself. Contemporary *business cycles are shaped by the dynamics of mortgage credit*, with non-mortgage lending playing only a minor role.

For all this largely land-business to happen, there needs to be plenty of cash available. Bankers merrily make it so. During every period – about 18 years – of the business cycle, they gradually lower requirements for borrowing (see Ch 28).

It's become trite to note how, last decade, bankers dove into subprime lending. What's not reported is how routine that is – they do something similar every cycle. And let's not forget, they over-extend not just to starry-eyed home buyers but to the rich and powerful, too; real estate mogul turned anomalous President, "The Donald," *has been bankrupt six times*. When bankers do this loosening of credit requirements, they may enrich themselves but at the expense of others; inflating land values makes crashes inevitable.

Further, banks gain every planting season when farmers borrow to buy seed, etc. Additionally, banks take property (half of which is location) as collateral, then later for themselves in foreclosure. Banks also profit when consumers fall behind in their credit cards.

Banks gain again whenever a government creates bonds. As the middleman selling them—e.g., Goldman Sachs— to other rich people and large institutions, brokers reap a tidy bit of income. The deeper governments go into enormous debt, the richer such brokers become. For them, nothing's wrong with that picture. The federal government does not have to let broadcasters use the public airwaves for free, or timber companies log public forests and hard rock companies mine public land almost for free, or land speculators snap up the land values at the exits off the interstate highway system, or … You get the picture. It's a long list.

Banks – Owners and Ownees

Who are those on the receiving end of society's spending for assets never produced by anyone? A lot of people get a little but a few get a lot. Much of our spending for … goes …

- oil to the Rockefellers, Mellons (Gulf Oil), and Kochs;
- food in its raw state to Cargill and Kochs, further concentrating already concentrated farmland;
- the airwaves (telecommunications) to Rupert Murdoch (Fox/ News Corp), Sumner Redstone (ABC/Viacom), and Brian Roberts (NBC/Comcast);
- land, typically as a mortgage, such debt being the "RE" in "F.I.R.E., to owners of major banks.

Rentiers have magnified their income by capturing not just rent but also interest on debt. The "oiligarchy" used oil rents to found banks: Rockefellers took over Chase, the Mellons launched Hannover's which now is Citi. Warren Buffett bought the biggest block of stock in Bank of America and Wells Fargo.

It's not just for profit that the already rich go into banking but also to control the spigot of credit and the issuance of money. Since winning that power from Congress over a century ago, despite the Constitution making Congress responsible for that function, bankers have printed dollars and set interest rates, once pegging it at 18% (1981). Headed the other way, notes the Fed's St Louis branch, has been the purchasing power of the dollar: it has shrunk while federal government debt has swollen.

Inflation magnifies a bank's income, and more so for a big bank than a small one even at the same rate of inflation. Banks, as do other big businesses, tend toward giantism. Big banks gobble up little ones so much that now five banks hold almost half of the assets held by all banks. With inflation, recession helps banks, too, whose assets have quadrupled since the most recent major downturn.

Banks are the most common type of organization that controls the shares of the 299 biggest global corporations. Financial institutions – banks, financial companies, insurance companies, or mutual and pension funds or trusts – owned the majority (68.4%) of shares in these dominant corporations. Financiers control the corporations. And while it's profitable, stable, and influential to control corporations, don't lose sight of the fact that banks make most of their money from mortgages. Controlling both land and money, what more could you want?

Banks – Ownees and Owners

BlackRock, founded and operated by the current generation of Wall Streeters, held or controlled 6.1% of the assets of companies. At the end of 2017, they managed real estate, stocks, and other claims priced at over $6 trillion. BlackRock and Capital Group, which grew up with Los Angeles (not New York), have both wide influence across many companies and deep influence, often being the top or the second-ranked shareholder.

About 1.5% of shareholders of those 299 companies owned or controlled some 51.4% of the assets. These largest shareholders numbered only 30 out of more than 2,100. They were made up of 21 private-sector entities and nine public-sector (that is, government-owned).

In general, the tendency of this economy to concentrate wealth, based on society's current definition of property, continues apace. Out of over 3,000 US corporations, only *30 of them rake in half of all net corporate profit*. That's 1% … again.

US-based mega-corporations accounted for 29% of the 299 companies. Six of the top ten private shareholders were based in, or at least originated from, the US. So did ten of the top 21. The top eight shareholders each held shares in more than half of the top 299 corporations. Eighteen of the top 21 shareholders each held shares in at least 100 very large corporations.

BlackRock, Vanguard, and State Street are the biggest owners of the 4th biggest bank, CitiGroup. Vanguard, BlackRock, and other index funds own about 30% of REITs (real estate investment trusts). REITs are the tax-protected investor funds that own many of the nation's offices, shopping centers, apartments, hotels, warehouses, data and storage centers, and of course their very valuable underlying locations; they've parked $1 trillion of their eleven trillion in REITs. Vanguard is by far the largest owner of REITs.

After the housing bubble popped, millions of Americans lost their homes. Private-equity firms led by Blackstone quickly bought tens of thousands of homes at deep discounts, most of them out of foreclosure. Blackstone – which spun off BlackRock – became the largest single-family home landlord in the US, with 50,000 properties.

BlackRock, Vanguard, and State Street have nearly $11 trillion in assets under their management. These Big Three have become the largest shareholder in 40% of all publicly listed firms in the US. They are the largest single shareholder in almost 90% of S&P 500 firms, including Apple, Microsoft, ExxonMobil, General Electric, and Coca- Cola. The Big Three exert the voting rights attached to these shares. They vote for management in about 90% of all votes at annual general meetings, while mostly voting against shareholders proposals (such as calls for independent board chairmen).

Who owns The Big Three? All three own each other. Big chunks are also owned by big banks. Which real persons actually own them, is hard to find out, but it's undoubtedly the 1%. The true ownership of shares is hidden by the use of "nominee" or "depository" organizations – such as the Depository Trust Corporation in the US.

Even if their first fortune was not made in land, they soon invest in land. Zuckerman, Gates, *et al* own entire islands. Gates owns thousands of acres in Arizona, Florida, and Pennsylvania. Lesser rich buy up farmland as a safety deposit box. The Dreyfuss Fund (the family of actress Julia) owns prime downtown locations in most major American cities, along with other family funds. A very few families own very much prime land.

Owning the best is not the only thing the rich have in common. The ties that bind are their marriages, old school ties, nepotism, interlocking directorships, interlocking stock ownership, ties to politicians, offices held, etc. The super rich meet at hideouts like the Bohemian Grove. The Rockefellers' Trilateral Commission seems to have decided the world's fate. While their sources of great fortunes vary, on key issues they present a united front. Who dug this up? G. William Domhoff of UC Santa Cruz.

Concentration is hard to exaggerate. This tired democracy is really an aristocracy. All based on corralling the torrential stream spent by humanity on our need to use land.

The Real State is Real Estate

One intractable and widespread blind spot is the popular belief that the state and the elite are separate entities. Only on the surface. And even there, the elite and state cell-divided only a few centuries ago when aristocracy and government split rather amicably and monarchs made space for parliaments then consisting of nobility. The slogan of *"government of the people, by the people, for the people"* is quite modern and true more in word than deed. Who gets laws passed? Who gets to violate them with impunity? Who gets bailed out? Who gets a foreign policy serving their interests? Who contributes the most to political campaigns, besides to foundations and universities?

When subsidizing the Nobel committee or endowing an Ivy League university, how do the rich deliver that fat check? Face to face? Electronically? Via a minion in an office? In person at a fancy dinner party? What are the intimate details of how the real financial world works? The truly aristocratic rich do not have jobs; they have people for that.

Who outranks whom? Whoever pays the most. Endowed with a torrential income of rents, the landed elite contribute mightily to lobbying and political campaigns.

Between 2007 and 2012, 200 of America's most politically active corporations spent a combined $5.8 billion on federal lobbying and campaign contributions.

Wealthy donors, comprising less than .01 percent of the population, accounted for 40% of all political contributions in 2012. All those donors could fit in a baseball stadium. Over 93% of SuperPAC money came from just 3,318 donors (that'd be a minor league park); 59% of it came from just 159 people (that'd be a public park).

Policies supported by economic elites became law 60% to 70% of the time. Policies supported by business lobbies became law 60% to 70% of the time. (Often these were the same policies.) Policies favored by a majority became law 30% of the time and only if the economic elite or business lobbies (or both) also supported them. *"The opinions of the bottom 90% of income earners have a statistically non-significant impact."* (in *MinnPost* by Eric Black, 08 May 2015.)

Of the 200 donor companies analyzed for *Fixed Fortunes*:

- 7 are in transportation, which includes road-building – and that takes valuable land;
- 11 are in oil and ores, etc, whose profits largely are rents;
- 13 do weaponry, used to control others' resources and sea lanes;
- 13 do agribusinesses, obviously on farmland;
- 21 do healthcare, whose high cost is due in part to ruining land and environment;
- 28 do communications and electronics, which includes some utilities; and, ta-da,
- 48 are in finance, insurance and real estate. F.I.R.E. is consistently the largest source of campaign funds for federal politicians cycle after cycle. One payoff was the bailout of trillions and trillions of dollars.

For their contributions, the 200 corporations received 760 times as much subsidy – $4.4 trillion in federal business and support. That's more than the $4.3 trillion the federal government paid the nation's 50 million Social Security recipients over the same period. *The $4.4 trillion total represents two-thirds of the $6.5 trillion that individual taxpayers paid into the federal treasury.*

Over 85% of the 200 corporations won subsidies from state and local governments, too.

The industries who spent the most to milk the US over 10 years are – in billions:

- Agribusiness, which takes place on farmland: $1.21;
- Weapons, which defends rentiers: $1.26;
- Drug companies, whose customers often suffer from land abuse: $2.16;
- Fossil fuels, a kind of "land": $2.93;
- Communications, utilizing utilities in land: $3.50; and the usual kingpin,
- Finance, or mortgages, basically: $4.29.

In the latest ranking, F.I.R.E. still comes in first, by a long shot. If you add natural resources and farmland, plus the rent components of all the other sectors, it's no contest. Rentiers dominate overwhelmingly.

No other component of the ruling elite donates as much to electoral campaigns as do the recipients of ground rent. In local election campaigns, the real estate lobby contributes the most. In federal election campaigns, F.I.R.E. contribute the most.

To paraphrase Freud, what do the wealthy want? The usual. A hunky subsidy. A sweet-talking tax break. A party that fawns all over them. And without having to publicly, explicitly reveal their darkest desires – "stealth politics." They want to be understood without having to be explicit. If we're intimate, it goes without saying; you get it, right?

Silence Is Gold-ridden – The Spoils of the Spoiled

The holders of public office determine public budgets, which funds the bureaucracies who hire statisticians. So far, no one in authority has put the tabulating of rents in any official's job description. So there is no official figure. The bureaucrats who collect statistics have neglected rent for as long as they have been collecting statistics – and likely will until economists realize the key role of land and request a measurement of rents from officialdom, regardless of whose feathers would be ruffled.

The gentry contribute mightily to politicians and in exchange receive mighty favors worth beaucoup billions. Routine favors include subsidies. In bedroom communities, Eben Fodor, author of Better Not Bigger, figures that each new house costs the taxpayers $25,000 to finance the new roads, sewers, schools, etc that the homebuyer did not pay for – a giving, just the opposite of a taking that land hoarders complain about. And downtown, landowners do not cover the cost of improvements to the infrastructure, or compensate neighbors for the loss of direct sunlight, etc.

Instead of paying taxes, the gentry win tax loopholes – deductions, depreciations, deferments, exemptions, etc. Such tax breaks not only enable the favored donors to keep rents rather than pay them to the public treasury, they also inflate the price of locations, further enriching sellers, developers, and lenders.

Some call those tax breaks, "tax subsidies." Over half of them go to F.I.R.E., utilities, broadcast spectrum, and Big Oil (Joe Romm for *Think Progress*, November 13, 2011). Agri-business gets huge actual subsidies plus is excused the cost of their toxic chemicals contaminating others downstream and downwind. Mining corporations, the same story. Loggers, same thing.

When commerce slows and threatens big business with bankruptcy, politicians favor insiders with real subsidies, the best they can offer: bailouts. After the last recession, both the US Treasury and the US Federal

Reserve pitched in with almost $30 trillion.[1] The Fed rescued not just banks but also other Big Business, not just domestic firms but foreign ones as well, in which the elite invest.

Turning from legislatures to the executive branch, those agencies charged with enforcing the law do so selectively. Oil companies, for example, often fail to pay royalties without being punished, and pollute the environment egregiously without being fined. Locally, it's meat packers. Industry in general gets a pass.

Harvard professor David Landes and other economic historians say the key to great fortune is to socialize your private costs—like pollution—while you privatize everyone's social gains—like the value of locations. Turning from the executive branch to the judicial, the first Chief Justice of the US Supreme Court, John Jay, said, *"Those who own the country ought to govern it."* The court has never wavered from that founding mission. Some of the most famous decisions by the Supreme Court favored land speculators. Justices ruled …

- 1785, land contracts based on fraud are valid;
- 1880s, railroads do not have to return unused land to Congress;
- 1880s, railroad land is tax-exempt from any jurisdiction;
- 1895, after progressives shifted taxes from tariffs to income – largely the rent for land held by the top 10% – tariffs may shrivel but taxes on rents may not stay;
- 1900s, tabled cases filed by the first Chief Forester Gifford Pinchot, since they could have set off enough litigation to throw the entire Western U.S. into turmoil;
- 1987, *Nollan v. California Coastal Commission,* sided with a developer to block an ocean view;
- 1992, *Nordlinger v. Hahn,* upheld the constitutionality of California's Proposition 13; and …
- 1994, *Dolan v. Tigard,* sided with an owner to build on a riverbank;

Despite their hegemony, the gentry remain vigilant to any potential threats. When the Soviet Union collapsed, the cutting-edge Soviet economists invited some big name American economists to come over and tell them all about non-left, non-right, third-way economics, centered on

1 "$29,000,000,000,000: A Detailed Look at the Fed's Bailout by Funding Facility and Recipient" by James Andrew Felkerson of Levy Inst. at Bard, WP 698, December 2011

a proper social role for the flow of rents. Fred Harrison wrote in *Land & Liberty, that* the U.S. State Department invited each American professor to stay home instead; all of them acquiesced.

Imagine if Russia did not dissolve into cutthroat capitalism but adopted geonomics and showed the world how to thrive. I know, it looked scary to the 1%, too. By misguiding the new "democratic" government, the US elite dodged a bullet.

How is anyone supposed to hear about any of this? With all that money coming in, the current recipients of those rent streams cannot operate in total obscurity. Yet you must learn of their shenanigans in pages such as these.

A small number of corporations (themselves owned in leveraging amounts by billionaires) own the biggest broadcast networks, both radio and TV, and get to use the airwaves – which are public property– for free. If ABC News and CNN ever agree to merge, they'd reduce the number of independently owned national television news outlets from five to four. A new network has little chance of getting off the ground without agreements from Comcast and AOL Time Warner to carry it. The two companies serve about half of all cable households. With a handful of companies deciding all programming, many points of view are underrepresented. And they also own the largest circulation newspapers. They own the media which frame the mainstream worldview.

To paraphrase Lenny Bruce, "We, the media, don't have to tell you; we're a monopoly." Just as a small number of banks dominate mortgages. And a small number of owners in general own most of all valuable assets. And the same 1% dominate government and academia, also they master the media that keep land and rent invisible to the naive eyes of the 99%.

Lucky Gentry

Those present recipients of rents have gone to great lengths to remain rentiers. They fund the entire sphere of respectable research, keep politicians in their hip pocket, and buy up the media. By controlling the narrative, they consign unearned income due to our natural heritage to obscurity.

By controlling so much and keeping society in the dark, have wannabe masters of the universe (as some Wall Street speculators dubbed themselves) over-played their hand? Hardly. Despite needing to tighten their belts, the poor are not rioting. Despite needing to pop their pills, the middle class are not voting socialist.

One wonders why the wealthy bother. New knowledge is not brain candy for everybody. The old worldview suits most people perfectly satisfactorily, thank you very much. No news is good news, and good news is too good to be true. The gentry could just enjoy the irony – many people who could be inspired by the size of the worth of Earth are not curious to know the statistic.

Despite their strength and the public's blind spot, rentiers remain defensive. Even if the masses do not understand what's happening to them, the elite do. They know rent is a stream of spending that, as Bloomberg's Noah Smith notes, drives a way-wide wedge between the comfy folks and those struggling day-to-day.

Since favoritism plays the major role in amassing wealth, hard work and wise investment must play a minor role. Plus, the customary understanding of property allows profit from land to be a windfall for landlords, sellers, and lenders. Ergo, the very rich do not entirely earn their fortunes; they benefit from law and custom. More aware than the public of the source of concentrated wealth, the wealthy do still have to worry.

What might spell disaster for rent retainers is simple innate human curiosity, made itchy by hard times. People are aware of recessions, sensitive to losing their jobs, and a bit grouchy after being foreclosed from their homes. Eventually a few *must* put two and two together. That could increase demand for measuring our spending on land, resources, and other assets never created by anyone.

Despite academia being cowed, some economists must have felt curious. They became informed and published their findings, no matter how guarded their jargon may be. Let's analyze these articles in the academic journals. Then we'll peel off that layer and target the public agencies who should dish out answers for free and the private enterprises who could deliver stats that are precise. We'll uncover the rents that rentiers have covered up, and unearth (pardon the pun) the stories that they buried. Anything worth hiding by the few must also be worth knowing by the many, eh?