

## THE GREAT LAND RACKET Gambling in Land Values in U.S.A.

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I am aware that it is only from the community's point of view that making a profit from increased land values can be described as a racket. From the point of view of the individual buyers and sellers of land, any given transaction is simply a trading of values in which the buyer pays only what he thinks the land is worth to him. By all our canons of trade, the seller is entitled to keep all the increased value that has been created by the community, and in that right he is supported by law and religion, the army and the navy. The same moral justification could be developed for private profit in air if, at the beginning of our civilization, some bold *entrepreneurs* had staked out the continent and started to collect a tax for the right to breathe in any given area. Any individual seller of breathing rights could point out that his profits were not racketeering profits because he had paid hard-earned cash for them. The meaning of the air-racket would appear only when the basic rights to private ownership in the air were examined. As Herbert Spencer pointed out, we cannot justify the capture of land values by profiteers except by a new kind of calculus which determines the rate at which a wrong becomes a right.

William Penn was one of our great land-racketeers, and he blazed a trail for his successors. Although he was an incompetent business man, his devices for skimming the cream from land values have been almost universally adopted by the subdivision realtors. Without expending any money himself, he acquired forty-seven million acres of land in payment of a royal debt to his father, and so became the world's greatest private landowner. Then he divided up the land into sections and reserved for himself the choicest tenth of each section. Also, as each township was laid out, he took for himself an extra five hundred acres. In the end, the influx of settlers made these reserved sections highly valuable.

Mr Penn was not unique. His tactics as a realtor were practised quite generally by other colonial leaders. Enormous grants of land were made by the British king to subjects who had become royal creditors of one sort or another, and these creditors were allowed to divide the territory on their own terms.

The pioneers of America, it should be remembered, were people who had failed to establish themselves as successful economic beings in their original environment. For such people, self-critical, discontented, it became necessary to establish some little island of self-satisfaction as a compensation for social defeat. Landownership was, naturally enough, their beautiful isle of somewhere.

The ill-effects of this policy did not become apparent until the growth of cities. Then gradually we became a nation of realtors. The whole conception of land changed from something to be used, to something to be held until the community should increase its value. Landownership in the New World became a national racket in which the shrewd, the foresighted, the lucky, and the grandsons of grandfathers stood at the key cross-roads of our bustling new city life and extracted toll from every tenant, purchaser of chocolate-sodas in a drug store, purchaser of toasted cigarettes in a cigar store, purchaser of ladies' and misses' dresses.

An extensive new jargon of Progress developed which in almost every instance could be traced to the realtor. The idea was almost universally accepted that the chief purpose of a city was to grow, not because the people therein would gain any new happiness, but because land

values would rise. Communities were planned with the notion that multitudes of people should be poured through the funnel of narrow, downtown business streets so that they would buy at certain stores and raise the value of the land on which those stores were situated. In cities like New York, grass became bucolic and clean air absolutely unknown. In all our cities, moral obtuseness became more dense as the distinction between earned and unearned income decreased. Productive work became more and more socially disgraceful, until the old-time respectable class of artisans almost disappeared and the adjective "substantial" was reserved for those who extracted from the community a substantial unearned revenue.

The realtors are intensely proud of what they have done to American cities because they have succeeded in convincing themselves that the agglomeration of multitudes of over-heated, irritable, and tired persons on fabulously valuable land is Progress.

The most successful and respectable method of toll-gathering in America is to purchase land at a metropolitan cross-road and then to sit there while the rest of the world goes by. So every home-owner becomes a potential racketeer and dreams of the time when the madding crowd will hold sway on his particular street and make it necessary for him to part with his modest lot for fifteen times its purchase price. And the realtor is not slow in nourishing that dream.

Occasionally a whole State approaches financial insanity in the scramble to occupy the vantage points of the land-racket, as Florida and California bear witness. The Florida realtors were so absorbed in their occupation of land-gambling that when the great hurricane of 1926 broke over the State, John Barton Payne, Chairman of the American Red Cross, declared that "The poor people who suffered are regarded as of less importance than the hotel and tourist business," and Florida boosters sent out thousands of letters and telegrams to the North declaring that the damage of the hurricanes was very slight.

It is a form of this land-gambling mania which lies at the root of the American farmers' poverty to-day. The farmer should estimate the value of his land by the net income that he receives from selling the things that he grows, but, innoculated by the realtors' virus, he tacks on to this basic value a whole superstructure of dreams. He dreams that the city will move out his road, that his well will yield health-water, that the crazy war-time prices for wheat will continue. These dreams are congealed into watered values, and he pays rent upon them in the form of interest to the banker on an inflated mortgage. Complete disillusionment does not come, because from time to time some farmer actually cashes in upon his dreams. The city moves toward him, and he is privileged to act as a toll-gatherer from the eager little bank clerks and the bustling young bond salesmen who flee to the suburbs for country air. The stark poverty and the awful insecurity of agricultural production are endured with more or less patience by millions of American farmers because they are emotionally nourished and sustained by the hope of some day becoming land-racketeers themselves.

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