

Land Frauds and Flimflams

ROBERT CLANCY

TWO books appearing in the '70's have zeroed in on the evils of land speculation.* Morton Paulson, business editor of *The National Observer*, in his book *The Great Land Hustle*, levels against the sort of land huckstering that has become prominent in the last decade or so. Not that land speculation is by any means new. As the author points out, its roots go deep in American history. What is new is the type of land development company doing the hustling, and the scene of their speculating—the south and southwest of the USA, especially Florida, Arizona and New Mexico.

Desert or swamp land is acquired by these companies, it is subdivided and perhaps a road or two cut through, and lots are sold by high pressure tactics for many times their cost or value, with exaggeration of current development and promise of future development. What makes these frauds so successful is that people are charmed by the idea that even if they pay a high price for their land, there is the possibility of their selling it in the future for an even higher price. As one land company boasts, "Population keeps increasing—but they don't make land any more." True enough, but the population increases in selected places and the desert may wait an awful long time before people reach it. So many buyers are stuck with a purchase they can ill afford, on unusable land without water or other necessities and either hang on "land poor" or sell at a loss.

Mr. Paulson says that current governmental regulation of these frauds is woefully inadequate, the rule of *caveat emptor* applying in most cases. In cases where there are laws against fraud, most are unenforceable—and one chief reason for this is that legislators and "law enforcers" are hand in glove with the speculators. However, Mr. Paulson sees the solution in more stringent regulation. He evidently would be satisfied with "honest" land speculation and would just weed out the crooks. But even the honest kind does a great deal of damage by keeping valuable land unused or underused and forcing the extension of development to poorer lands.

Mr. Paulson does see that land "is becoming our most precious commodity" and that it must be conserved and developed in the public interest. He does

not see clearly that the buying and selling of land is sooner or later going to lead to the evils he excoriates.

In *Mortgage on America* Leonard Downie deals with the subject on a broader scale—not only land hustling but also the tactics of slumlords, the "new town hoax", the mortgage equeeze, urban land rackets and suburban sprawl. He notes that the paper value of land "steadily increases because every day there are more and more Americans to live on and use the fixed amount of land in the country The real estate industry builds profits, not necessarily decent housing, workable communities or a liveable environment."

The tactics of slum speculators are described in "block-busting", i.e., getting whites to move out and minorities to move in, then crowding as many as possible into buildings, doing little or no maintenance, milking the property dry, then unloading it.

The "new town" movement in the USA has all but collapsed since it has been so riddled with scandal and financial skulduggery. But some new and successful communities have arisen, such as Sun City, Arizona, a retirement community. But Mr. Downie shows that they are expensive and have something to offer only for those who are already well off.

In fact, most of the projects that promise improvement over deteriorating city conditions turn out to be available only to those who can afford it. The poor and the minorities are shuffled off to their old ghettos or to new ones. Government housing is particularly criticized by Mr. Downie for its waste, bungling, misappropriations and blindness to actual conditions.

Like Mr. Paulson, Mr. Downie wants more stringent regulations of the real estate market; he also advocates better zoning, government purchase of lands to be conserved, and tax reform. He advocates but does not stress that local property taxes should be based more on the worth of the land than the building.

This last measure deserves more stress. What could more effectually destroy land speculation than taxing the profit out of it? What could more effectually encourage improvement than untaxing buildings? Certainly more so than unenforceable regulations—as the record amply shows.

A final note: I found these two books in a publishers remainder book shop for \$1 apiece. Their original price was \$7.95 each. Evidently the evils disclosed did not much impress the book-buying public. Perhaps the lure of somehow or other winning in the land lottery blinds people to its harmful consequences. Mr. Downie is an editor of the *Washington Post*, famous for its exposures of the Watergate scandal. (The book and movie, *All the President's Men*, are sweeping the country.) Yet what is being done with the land of the country is of much greater and long-range consequence. Wake up, America!

**The Great Land Hustle* by Morton C. Paulson. Henry Regnery Co., Chicago, 1972. *Mortgage on America* by Leonard Downie, Jr., Praeger Publishers, New York, 1974.