

tricts of America, just as there is famine in Russia, in Poland, and in Ireland. And the cause is the same in each country. There was food enough in Ireland during the famine. Millions of produce were shipped out of the country to pay rent when the peasantry were dying of hunger by the tens of thousands. There was wealth in abundance for the landlords at a time when there was not even a potato diet for those who produced whatever wealth the country contained. And the infant mortality, which carries away the children of the tenements like a plague, is famine—famine in the midst of plenty, just as it was in Ireland, just as it is in Russia and India to-day. For the steamship and the telegraph have made all the world a counter. There can be no famine among a people who have the means with which to purchase food. And it was not the failure of food, it was the burden of rent which produced the Irish famine of sixty years ago, just as it is the burden of rent which sends 60,000 famished children to school in the metropolis of America every day.

Were it not that our eyes are blinded by this property sense, we should see that the right of the slum owner to his rent had its origin in the days when men were serfs; when society was ruled by force, and legislation had its origin in craft and fraud.

The feudal state still persists in its essential qualities. For the worker in New York still labors two days out of every seven for his overlord in order

that he may be permitted to labor five days for himself. The *corvée* is still exacted as ruthlessly as it was in the eighteenth century. The worker still labors one day more out of every seven in order to support the nation; not only to pay his own taxes, imposts, and octroi on his food, but to pay those of his overlord as well, who escapes their payment just as did the grand seigneur in France.

Measured by its size the tribute of to-day is vastly heavier than it was in the days of the ancient *regime*. It is figured in millions instead of in thousands. It is still paid by the vassal to the lord. It still supports an idle aristocracy in the capitals of the world, just as it did the French nobles at Versailles. The rents of New York run into the hundreds of millions each year. They are paid for the use of the earth, just as they were two or ten centuries ago. And they are collected with far more precision and with much less hazard than at any time in the history of mankind.

CHAPTER X

THE SERVITUDE OF TO-MORROW

WE have seen how the private ownership of the land was evolved from the common ownership of the land through the control of the governments of Europe by the feudal aristocracy; how tenancy is but the cash equivalent of the earlier relationship of lord and vassal, of master and serf, a relationship which historians assume was destroyed in the seventeenth and eighteenth centuries. We have further seen how competitive rents have been substituted for the customary services of an earlier age, by means of which those who use the land are subject to an increasing tribute for the privilege of living upon the earth.

Private land ownership is now complete. This is true of practically all the world. Those who come after us must come as trespassers. They must pay a competitive price for the right to live. Future generations will be born into servitude. Permission to work must now be had of another, a permission which can only be secured on the payment of a price, and a price determined by the competition of another for the same opportunity. It is competition that fixes rent, and it is the power of the owner to

exact such tribute as he wills that distinguishes the servitude of to-day from that of the feudal *regime*.

We can now forecast the struggle which the future holds in store for America. The supply of land is fixed and constant. It is the same to-day as it was four centuries ago when Columbus first set foot upon the continent. No ingenuity of man can add a square foot to the earth's surface. Better means of transit, greater ease of communication, the reclamation of the desert places of the West, all these have increased the area available for cultivation. But the amount of land remains as it was when the last discoverer opened up the last continent to human habitation.

The uncertain element in the equation is the demand. This is indicated by the census returns. The decennial enumeration of peoples will determine the fierceness of the struggle for existence and the price which must be paid for the use of the earth. The birth rate is the barometer by which the returns of the landlord may be measured.

We need not go beyond the Civil War to see the rapidity of the growth of population. From 1860 to 1870, during one-half of which time the nation was convulsed with civil war and maintained more than a million men under arms, the population increased from 31,443,321 to 38,558,371, or 22.6 per cent. During the following decade, a decade which was coincident with the expansion of the West and the

projection of the Pacific Railway systems, 11,597,412 people were added to the population, or an increase of 30.1 per cent. By 1890 the population had mounted up to 62,622,250, or an increase of 24.9 per cent.; while, by the close of the century, 75,994,575 claimed allegiance to the United States, or an increase of 20.7 per cent. In forty years' time the population had increased over 141 per cent. If the population increases as rapidly during the present decade as it did during the last, America will contain 92,024,430 people in 1910. At the same rate of growth another 19,417,154 will be added by 1920. Continuing this increase, the population of America will amount to 134,955,658 souls in 1930; to 163,430,301 in 1940, and to 197,914,094 in 1950, or two and a half times the present population. By the middle of the century, at the present rate of growth, nearly 200,000,000 people will be struggling for the right to live in America. But even then people will be living at a density of but 67 per square mile, which is far from crowded in comparison with other countries or the Eastern states of America. For to-day the population of Massachusetts is 348 per mile; of Pennsylvania, 140 per mile; of Ohio, 102 per mile; and of Wisconsin, 38 per mile. The population of the German Empire is 280 per mile; of France, 188 per mile; and of little Holland, 425 per mile.

With every babe that is born the value of the land is increased, as is the tribute which its owners com-

mand for its use. The ignorant immigrant, landing at Castle Garden, possessed of nothing save the clothing suspended across his shoulders, increases perceptibly the value of the soil, upon which the laws of nature decree that he must either labor or starve. The million refugees who annually crowd to America, driven unwillingly from their native land, add to the value of the land at least half a billion dollars a year.¹ Its value responds to their coming. There are so many more hands to labor, so many more mouths to be fed, so many more human beings to struggle for an opportunity to live upon the land of promise which another has enclosed. And the 80,000,000 already here are made the poorer by their coming. The burden of rent of all the people is increased in consequence.²

Herein is the crux of the social puzzle. Herein is the explanation of increasing poverty in the midst

¹ "It has been calculated that by the mere fact of his arrival each emigrant increased by about \$400 the value of the territory of the United States."—Charles Gide, *Political Economy*, p. 458. This is an understatement. It is nearer \$1,000.

² For the five years running from 1900 to 1905, the aggregate increase in the value of all classes of farms was \$6,131,000,000. The cause of this increase in land values is indicated in the Bulletin United States Department of Agriculture, No. 44, which says: "While the public land suitable for farming has been reaching exhaustion, the flow of immigration from foreign countries has been continuing in its direction, and where no farming land could be obtained from nation, state, or railroad the influx of agricultural people was halted in regions where farms had been established in more recent years, and the consequent pressure of new demand upon a fixed area increased the value per acre during the five years often as much as fifty to a hundred per cent."

of increasing wealth; of misery, destitution, and suffering on the one hand, and unimaginable luxury and waste on the other. In this struggle for the use of the land and the speculative values to which it gives rise, is the solution of the paroxysms of industry which periodically afflict the commercial world. It is this, too, that explains the vacant fields and idle workshops, while millions of men are seeking employment.

It makes no difference whether the land is owned by a handful of ducal proprietors or by a million petty landlords, whether by English syndicates or by the well-to-do farmer of the neighboring county seat. So far as those who hereafter come into the world are concerned, the result is the same. For rent is fixed by the law of demand and supply; supply ever constant, demand increasing year by year.

This law of demand and supply, by which the dealings of the business world are conducted; this law which operates so beneficently in most instances, determining with the precision of a natural law the basis on which the products of labor will exchange, the amount of food and clothing which will be produced each year, as well as the output of ten thousand factories, mines, and workshops located in the most distant portions of the earth; this law, which adjusts production and exchange with a precision almost comparable to that which determines the amount of rain which shall fall upon the surface of the

earth, is a very cruel thing when applied to the first necessity of life which the laws of nature decree must be used by man if he would live, but which the laws of man permit to be owned by the generation which first appropriates it.

Under natural conditions this growth in population should increase the well-being of all the people rather than the well-being of the few. For just as the fisherman increases his catch by a division of labor, which frees him from the necessity of making his net or of preparing his meals; just as the hunter is able to capture more game when relieved of the necessity of making his weapons, so the productive power of society has been increased by the division of labor and the specialization of the workers which has been going on from the beginning of time. The watch we are now able to buy for a dollar once involved weeks of labor. A single workman is now so skilled in the handling of looms that he produces three hundred times as much as was possible a century ago. The cotton-spinner produces as much as did three hundred and twenty men in 1769. One operator in a cotton factory supplies the wants of two hundred and fifty men; in a woollen factory, of three hundred men, and in a shoe factory, of one thousand men. A single man produces more iron, steel, or copper than did a hundred a generation ago; he produces more than did a thousand in the seventeenth century.

This is true in almost every line of industry. This increase in the productive power of society should have long since banished poverty. For along with every pair of hands seeking work there are bodies to be clothed and stomachs to be fed. Increasing population does not mean increasing production only; it means increasing consumption as well. And the wants of man know no limit. There can be no such thing as overproduction. Even were every human being comfortably housed, adequately fed and clothed, even were all of the needs with which we are familiar amply provided for, there would arise a multitude of wants which would employ ten times our present population. Yet instead of improving the well-being of society, this increase in population, increasing as it does the value of the land and the rent which must be paid for its use, makes of necessity for poverty. It fills the tenements with sweat-shop workers, and the mines with child laborers. Some obstacle intervenes to prevent the operation of the natural laws of production and distribution; some influence diverts the gains of civilization from those whose labor produces them. This influence is the private ownership of the land which withholds the storehouse of nature from use, and appropriates through rent every increase in the productive power of society.

From now on this tribute to those who own the land must, of necessity, increase. With every babe

that is born and with every immigrant that comes to our shores the struggle for a place to live and to labor will be reflected in the value of the land. This will increase the charge which may be exacted for its use. This is the inevitable result of the law of demand and supply when applied to the land, for rent is established by the same law that fixes the exchange price of a loaf of bread or a pair of shoes. In time rent will appropriate all that the worker can produce save the margin of subsistence, below which he cannot permanently go. Even this will not be secure, for men will offer more for the land than they can produce upon it in the hope of warding off starvation.

This tendency is already manifest. It is this that explains the spirit of unrest that is expressing itself all over the country. John Stuart Mill has described the result of increasing population in the case of Ireland. He had in mind the agricultural workers. But the result is the same in any country and under any conditions of industry. "The produce of the cottier (competitive) system," he says, "being divided into two portions, rent and the remuneration of the laborer, the one is evidently determined by the other. The laborer has what the landlord does not take; the condition of the laborer depends upon the amount of rent. But rent being regulated by competition depends upon the relation between the demand for land and the supply of it.

The demand for land depends upon the number of competitors, and the competitors are the whole rural population. The effect, therefore, of this tenure is to bring the principle of population to act directly on the land, and not, as in England, on capital. Rent, in this state of things, depends on the proportion between population and land. As the land is a fixed quantity, while population has an unlimited power of increase; unless something checks that increase, the competition for land soon forces up rent to the highest point consistent with keeping the population alive.”¹

This, then, is the servitude of to-morrow. It is not new to the world. But it is only since the seventeenth century that the law has endowed one man with legal means to take from another all that he could get.

The extent to which the growth of population, the improvements in the arts and sciences, the increase in the productive power of society, have expressed themselves in the value of the land, and the amount which has been added to the wealth of the few by the exertions of the many, will be considered in the next chapter.

¹ *Principles of Political Economy*, chap. 9.

CHAPTER XI

THE UNEARNED INCREMENT

WE have witnessed the changes which have taken place in the economic foundations of democracy during the past few years; we have seen how tenancy has followed close upon the heels of three centuries of freedom through the prodigal waste of our land and resources; we have projected our imagination into the future when the population will have doubled, and the struggle for existence will have increased in intensity through the demand for the land, which must ever remain limited in amount. We have seen, too, how the growth of population creates a social value which is not retained by the community, but is appropriated by those who own the land.

Such is the process by which organized society impoverishes itself; such is the process by which it has always done so. Such, too, are the means by which the servitude of the Middle Ages is continued down to the present day, for we are the lineal heirs of serfdom, just as the Church and the jurisprudence of to-day are the heirs of many of the abuses of the Middle Ages.

But the growth of population is not the only agency which adds to the wealth of those who own the soil. All other activities contribute to it. Good

government reflects its goodness in the value of the land. It increases its security as well as its attractiveness for homes and business. The opening up of streets and sewers, the dedication of parks and open spaces, all these contribute to the enrichment of those who toil not nor spin. Even the education of kindergarten, school, and university, the building of cathedrals and public structures, the increase in health and security, all these are reflected back into the value of the land, and must be paid for by those who make use of it.

The progress of science and invention, the designing of new machines for increasing the wealth of mankind, all these, as well as every advance in civilization are passed on to the pockets of the landlord. And this increased wealth which society contributes to his purse is as unearned by him who appropriates it as was the manna which descended from heaven to the Hebrew people. It enriches the most barren of building sites as does the dew upon the grass, or the ray of the rising sun to which all nature responds. The invention of the Bessemer process, the cheapening of the means of transportation, the erection of mammoth iron steamships, the expenditures of millions of dollars by the Federal Government upon the inland waterways of America, have not cheapened the cost of iron and steel to the consumer. They have but added tens of millions of value to the iron and the coal mines, the railways and the harbors owned

by those who sit idly upon the resources of the earth which they have been permitted to monopolize. Every improvement in the railways, every new device for doing the work of human hands, has added to the capital value of the land and the mineral resources of the country. The application of electricity to transit upon our streets has not solved the housing problem. It cheapened the cost of production to the owners of the franchises. It increased the value of city and suburban land. But any reduction in the charges for transit and electricity, for gas and for water is ultimately absorbed by the owners of the land, who thwart every effort for the relief of housing conditions by the speculative withholding of building sites. Even the increased efficiency of labor is not appropriated by capital. The capitalist is but the intermediary through whose hands the increasing productivity of society flows. For he, too, like the wage-earner and the tenant farmer, is subject to the tribute which the private ownership of the land involves.

We can see this unearned increment which society creates most readily in the great cities. And we can visualize it in the fortunes of some old family. The estate of the Astors in the city of New York is a striking example. In less than fifty years' time the crowding of 5,000,000 people around Manhattan Island has given a value to the Astor estate of \$450,000,000. Scarce a century ago the ancestor

of the present family invested a few thousand dollars in farming lands lying about the outskirts of what was then a mere village. Much of the property so acquired was barren rock. And so it has remained to this day. In itself it has little more value than the rolling prairies in Nebraska. Since that time the hand of man has added little to its fertility. No modern alchemy has changed its character. The land is much as it was when the glaciers of a distant age laid it bare to the elements. But the growth of a great nation, the development of trade and commerce, the revolutions which have taken place in industry, have fertilized this granite outcrop until it produces golden eagles from every rod of its surface. Society has done what the Astor family could not have done, even with the lamp of Aladdin. And society has done everything that has been done to make the land valuable. When Jacob Astor died in 1848, the value of his holdings had increased until they were worth \$20,000,000. A quarter of a century later the estate had grown in value to \$100,000,000. By 1890 it was estimated to be worth \$250,000,000. Seventeen years have since elapsed, and in that time the struggle of mankind for a footing on this most densely peopled spot in the western world has given a value of \$450,000,000 to the Astor estate.¹ "In fifteen or twenty years, at

¹ "The Astor Fortune," by B. L. Hendrick, *McClure's Magazine*, 1905.

the present rate of progress, it (the Astor estate) will have reached the billion mark, and then it will go on even faster, till the ordinary mind is appalled at the portentous figures. . . . If the same rate be maintained for another century, the Astor fortune will attain the unimaginable total of \$80,000,000,000.”¹

The insignificant investment of a century ago has multiplied many thousand times. And by means of short leases, revalued from time to time, the values which society created have all been retained by the estate. Public improvements, the opening up of streets, the laying out of parks and boulevards, the development of transportation, the increase in security and attractiveness, all of the expenditures of the metropolis, have passed into the value of the land. The recently opened Subway, which was paid for from out the city's credit, is said to have added an amount equal to its cost to the value of the Astor holdings.²

¹The Astor estate is but one of many in the metropolis. The value of the land underlying the city staggers the imagination. A short time ago the small corner lot at No. 1 Wall Street was sold for \$700,000. It contains about 1,170 square feet. Its purchase price was about \$4.00 per square inch. In 1902 the building site at the corner of Fifth Avenue and 28th Street was sold for \$400,000. Within twelve months it was resold for \$550,000. To-day its value is not far from \$1,000,000. But a few years ago the land upon which the *Times* building is erected, at the corner of Broadway and 42d Street, was in the market for \$500,000. It recently sold for nearly three times this figure. Cases of this sort can be multiplied indefinitely, from the Battery to the Bronx.

²See report of New York City Club entitled “Building of Rapid Transit Lines in New York City by Assessment upon Property Benefited,” which showed that the value added to adjacent land by the building of the Subway would have paid its cost several times over.

The whole of Manhattan Island was first sold to the Dutch by the Indians for \$28.00. In 1904 the land values of Greater New York were appraised for taxation at \$3,057,161,290. By 1906 the land had increased in value to \$3,391,711,526. In two years' time \$334,550,236 had been added to the fortunes of those already enriched through the city's growth. They had done nothing to create this value. They had given no labor, no thought to the development of the city. Many of the owners lived in distant parts of the world. The growth continued just the same. By 1907 the appraised value of the land underlying the city had advanced to \$3,557,591,504, or an increase over the year before of \$165,879,978. In 1908 the valuation had still further increased to \$3,843,165,597, or an increase of \$284,271,643.¹

The human imagination cannot comprehend such stupendous figures. The total area of the city is but 190,000 acres. The land is worth \$213,400 per acre. One acre of the metropolis would buy an average farm of 5,000 acres in extent. The land values of Greater New York exceed the total value of all the buildings and improvements in the city, on which generations of labor have been expended, by over \$700,000,000.

In 1900 the value of all of the farm property in the nine states of New York, New Jersey, Penn-

¹Taken from Annual Reports of Commissioners of Taxes and Assessments of New York for these years.

sylvania, Massachusetts, Connecticut, Maine, New Hampshire, Vermont, and Rhode Island was but \$2,950,532,628, or \$607,058,876 less than the value of the naked land in New York City in 1907. This value exceeded by nearly \$1,000,000,000 all of the capital in the United States invested in machinery, tools, and implements in 1900. It was almost equal to the value of all the farm buildings in the United States.

This narrow point of land which forms the gateway of the nation, and which can scarcely be discerned upon the map, exceeds in value the census appraisal of all of the farming land with the improvements thereon lying to the east of the Alleghany Mountains. It is equal to one-sixth of the total value of the 841,201,346 acres of improved land in the United States. Into these farms have gone three centuries of struggle. They represent the sacrifices of the pioneer, of the log cabin, and the prairie schooner, the drought and the scourge of the Western prairie. In this making of a nation are all the sacrifices and the isolations, the struggles and the disappointments, the lack of opportunities for education, and the unceasing toil of those who have converted the plains of America into fields of golden corn and grain. Yet a few thousand landlords, who have possessed themselves of a spot of land but little larger than a Western township, have come into possession of wealth half as valuable as all the farm

products produced in a single year in the United States.

No thrift of the owners created this value; but the coming of population, the development of commerce and industry, the perfection of the arts and sciences, all these agencies have brought into existence unearned incomes more princely than that which enabled Crassus to unite with Cæsar and Pompey in the control of the Roman republic.¹

All other wealth save the land has an exchange value, measured by its labor cost. Under free competition, this is as true of a locomotive or of a monster steamship as it is of a pair of shoes or a sack of flour. It is the amount of labor which enters into each that determines the price at which it exchanges. But no such rule fixes the annual value of the land. Rent is not the equation of labor for labor; it is the resultant of a certain number of human beings seeking a chance to live. And the rent that is paid is the price exacted by those who own from those whose very labor has given the land whatever value it enjoys. Society is really taxed because of its own enterprise.

¹New York is not exceptional in this regard. In 1902 the land and the franchises of the city of Boston were appraised at \$879,259,-355 or \$1,100 per capita. In 1906 they had increased to \$1,047,-499,500. In city after city where assessments assume to represent the real selling value of property, the value of the land alone amounts to nearly \$1,000 per head of the population. The land value or social value of America in city and country, from the data available, would seem to amount to from \$750 to \$1,000 per capita for every man, woman, and child in the country.

In reality land values are not wealth at all. They are a power to tax, a power to levy tribute upon the wealth which others produce. Land values are merely a toll, and rent is in the nature of an annual license for the privilege of living, which the laws of the land permit one class to collect from those who labor upon the earth.

Here, too, is a kind of wealth whose value increases automatically. It is a form of monopoly more perfect than any oil, beef, or sugar trust. It requires no syndicate, no understanding, no gentlemen's agreement to determine what the traffic will bear; no pooling of interests or division of territory is necessary for the fixing of tariffs. The tribute which the landowners collect is determined with mathematical precision. It is fixed by the simple law of demand and supply, and the letter of the bond is collected as ruthlessly as the rack-rents of Ireland.¹

The Census Department has recognized the phenomenal increase in land values which is everywhere taking place. From 1900 to 1904 something

¹ We can see the growth in population and the industry of a people expressing itself in the value of the land in the newer states of the West. Within the past few years, the territory of Oklahoma has been opened up to settlement. Here is one of the most fertile regions of the world. In the early nineties land was selling at from \$2.00 to \$5.00 an acre. To-day it is changing hands at from \$10.00 to \$30.00 an acre. In 1900 the assessed value of the farming land was \$9,875,638. To-day it is assessed at \$35,472,012. (Report of the Governor of Oklahoma to the Secretary of the Interior, 1906.) It is probably worth ten times that figure.

less than one-half of the acre property in the United States increased in value over \$1,500,000,000. The growth in the value of all agricultural land was, therefore, something over \$3,000,000,000. During the same period, land and improvement values in city as well as country increased over \$9,000,000,000, which means that the land values of the nation shot up at least \$4,500,000,000 in four years' time.¹

This is a very conservative estimate. The Department of Agriculture states that the aggregate increase in the value of all classes of farms during the five years running from 1901 to 1905 was \$6,131,000,000.²

We see the same social values, the same common treasure, in the value of the mineral resources of America. It is apparent in the coal, the iron, and the copper fields. Twenty years ago the barren lands of northern Minnesota, Wisconsin, and Michigan, upon which the Mesabi, Vermillion, Gogebic, and Menominee iron ranges were discovered, were practically valueless. But the demand for iron and steel, the improvement in machines and transportation, a thousand inventions increasing their use, has enabled the United States Steel Corporation to place a value of \$700,000,000 upon its ore fields alone. The president of the company testified that even this value was inadequate. He stated before the In-

¹ Census Reports, "Wealth, Debt, and Taxation," pp. 20 and 26.

² Bulletin No. 44, "Local Conditions Affecting Farm Values."

dustrial Commission that the ore holdings were worth from \$1,000,000,000 to \$2,000,000,000.¹ We see the same unearned increment in the Calumet and Hecla copper mine. Its stock was issued at \$12.00 a share. It is now selling for \$650 a share, and has sold as high as \$1,000 a share.

Society has been busy by night as well as by day, and a steady stream of wealth has been flowing into the laps of those who happened to acquire these marvellous deposits. The Calumet and Hecla is but a bonanza mine among many such copper deposits which are to be found in Montana, Utah, Arizona, and elsewhere, whose combined values are not far from \$500,000,000. Less than a century ago the anthracite coal fields of western Pennsylvania were opened up to use. For fifty years they were regarded as of comparatively little value. But through the consolidation of the railway systems entering the territory and the complete monopoly of the region, these resources and railways have been capitalized at over a half billion dollars.

To these spectacular exhibits must be added the bituminous coal fields which spread from the Alleghanies to the Rockies, and underlie whole commonwealths with their rich deposits; as well as the oil wells which are pouring forth wealth of fabulous value. Hundreds of millions more should be added for the silver, zinc, lead, and other minerals whose

¹ Report of Industrial Commission, Vol. XIII, p. 472.

value is constantly increasing through the needs of humanity.

But the land and mineral resources do not complete this enumeration of the unearned increment. The same process of social production and private appropriation is apparent in the capitalization of the railways. It may be seen in the swollen securities of the franchise corporations. Year by year evidences of ownership are issued to keep pace with the value which the growth of society pours into the pockets of those who own them. No new wealth is called into being in the process. The country is no richer by reason of the increased securities which are issued. In 1907 the railways of the country were capitalized at \$16,082,146,683. Ten years earlier they were capitalized at but \$10,635,008,074. The difference is largely a site or land value just like that which a corner lot enjoys. The increasing value of the franchise corporations of our cities is of the same character. It is a social product, due to the favored sites which the public utility corporations occupy. The value of their securities reflects the growth of population. The unearned increment of the franchise corporations of New York City runs into the hundreds of millions of dollars.¹

¹Mr. John Moody, editor of *Moody's Manual*, says: "The public utility corporations of New York City cost to construct less than \$200,000,000, and yet to-day they are capitalized for over \$1,000,000,000."—"The Evolution of the Trust," *The Arena*, May, 1907.

What is true of the city of New York is true of all the cities of America. Franchises for street railways, for gas, water, electric-lighting, telephone, and other corporations have been granted by corrupt or ignorant councils, or bestowed upon favorites by the legislatures of our states, much as the English Stuarts gave away the property of the nation to the worthless favorites of the king. Yet the privileges bestowed in the olden days were of insignificant value in comparison with the princely gifts of our cities, many of them in perpetuity, and all of them for long periods of time. In almost every large city these grants exceed in value the amount of the city debt.

Unfortunately there is no means of ascertaining the amount of this social wealth, this land value which, by every principle of justice, belongs to us all. Yet it should be the first concern of the government to ascertain its amount. For if it be the first obligation of society to protect the property which has been produced by the individual, it is surely an obligation scarcely less sacred to ascertain and make known the wealth which is the common property of us all.

It is, however, possible to estimate this unearned increment, which the laws of society permit to be appropriated by those who own the land. In 1904 an investigation was made by the Census Bureau of "Wealth, Debt, and Taxation" in the United

States. From this report it appears that the value of the land with its improvements, as well as of the railways and the franchise corporations, amounted to \$71,195,626,966.¹ Unfortunately no distinction is made as to pure land values and improvement values. But from other and independent investigations, from the tax valuations of cities where land and improvements are separately valued, it is safe to say that the land values are fifty per cent. of the total. On this basis the pure land values of the country amount to not less than \$35,000,000,000. They undoubtedly exceed this amount. Mr. John Moody estimates them at \$60,000,000,000.²

No other forms of wealth, save the land and the privileges identified with land, respond in this way to the growth of population. Society works for the owner of the land and him alone. Every other form of wealth is produced by individual labor. Every other form of wealth depreciates and decays. It has but a transitory existence. Much of it does not survive the year which saw it produced. Such wealth involves constant care and attention. But each tick of the pendulum of time passes into the purse of those who own the land the power to take from those who toil an increasing portion of that which their labor produces.

¹United States Census, "Wealth, Debt, and Taxation," p. 27.

²"The Evolution of the Trust," *The Arena*, May, 1907. For a fuller discussion of land values in America see Appendix No. 1.

Land values are not really wealth at all, although the increase which has taken place in recent years has been heralded as a sign of increasing prosperity. And such it is to those who enjoy the increasing rents which land values make possible. But wealth is something which ministers to the comfort, happiness, and well-being of humanity. Houses are wealth; food, clothing, machinery, tools, and works of art and refinement are wealth. All of the products which labor creates are wealth. But land values are a tax on wealth. Rent is in the nature of a tax. It is far worse than a tax. Society receives some return from its taxes. It receives none whatever from the payment of rent. Rent is a tribute from labor to those who give no service in return.

In his *Essays in Political Economy*, Frédéric Bastiat, the French economist, tells the story of the gratification of the crowd which had collected before a broken shop window.

“It will make more work for the glazier,” said one of the crowd. “It is a good thing for property to be destroyed, otherwise no one would give us employment.”

This is the result that was seen. The unseen thing was that the shopkeeper would have to go without a needed pair of shoes. He would have to make some sacrifice in order to pay for the loss. The making of the shoes would also have provided

work, but work which would have added to the wealth of society. This is the result that was unseen.

So it is with the growth of land values. Those who measure the well-being of a nation through the increase in the value of the land and the inflated capitalization of the mines, the railways, and the franchise corporations, see in these vaulting figures an increase in the wealth of the people. But the effect that is not seen, like the cost of the broken pane of glass to the shopkeeper, appears in the increasing cost of living to those who bear the burdens which these increasing values involve. Their standard of living is reduced. The demand for the products of labor is diminished. The output of the factory is curtailed. It is this increasing rent charge which reduces the amount of wealth which can be consumed. In time the industry of a country will be greatly impaired through the appropriation by rent of a great part of what the nation produces. For the well-being of a nation, in the last analysis, depends far less on the amount of wealth that is produced than on the way it is distributed.