

APPENDIX I

LAND VALUES IN THE UNITED STATES

IN 1900 the census enumerators endeavored to get at land and improvement values. They secured reports as to land values in the case of farms and factories. For the farms of continental United States it appears that the land and improvement values, exclusive of the buildings, amounted to 78.6 per cent. of the total, while the land values of factories was 41.5 per cent. of the total. The Commissioners of Taxes and Assessments of the city of New York, where the land and improvements are separately valued, place the pure land values at 63.2 per cent. of the total. The land values of the city of Boston are 60.7 per cent., while Detroit and Milwaukee place the pure land values at 53.9 per cent. and 55.5 per cent., respectively. Thomas G. Shearman, a conservative statistician, placed land values at 60 per cent. of the total, taking the country as a whole, and estimated the pure land values of the country at \$27,600,000,000 in 1890. (*Natural Taxation*, p. 140.) This was nineteen years ago. During the intervening years land values have increased far more rapidly than at any previous period in the history of the country. We have seen that there was an increase in the value of farm lands alone of \$6,000,000,000 in five years' time. Since 1890, too, the mineral resources and railways have been monopolized, and their values have increased enormously.

In New York City the land and special franchise values averaged \$955 per capita in 1909, while in some of the Western States, where assessments are of any value, a similar per capita value seems to prevail. For these reasons it would seem clear that \$40,000,000,000 of land values was a very conservative estimate in 1904. There is every reason to believe that they amount to \$60,000,000,000 at the present time. This is the estimate of Mr. John Moody, the editor of a number of Wall Street publications, who says:

“I have stated that the estimated wealth of the nation is to-day about \$120,000,000,000. Of this, about one-half or \$60,000,000,000 is what might be called created wealth, and the balance is spontaneous or unearned wealth—what is sometimes called the ‘unearned increment.’ . . . Let me try to show a little more clearly what I mean by these different kinds of wealth. Take one of the large transportation trusts as an example, the Union Pacific Railroad system. Eight years ago its capital (market) value was approximately \$130,000,000, and this represented chiefly the real, tangible, created property at that time. Since then, less than \$150,000,000 more has been invested in the Union Pacific Railroad, and yet the market value of its securities to-day is not \$230,000,000, as you would naturally suppose, but is over \$600,000,000. The Pennsylvania Railroad system fifteen years ago was worth \$1,500,000,000; to-day it is worth over \$2,500,000,000; the Reading system in 1896 was worth about \$120,000,000; to-day it is worth \$600,000,000. The Great Northern Railroad in 1890 was worth only about \$40,000,000; to-day it is worth over \$500,000,000. 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 Standard Oil Company represents an original investment of far less than \$50,000,000, and yet it is worth in the markets to-day

nearly \$600,000,000. The great Steel Trust has actually cost only \$400,000,000, and yet it is worth nearly \$1,500,000,000.

“The difference between the cost of these things and the market value represents the unearned increment, or capitalized value, of their monopoly or special privileges. This increment, created, of course, by the community, the growth of population and general increase of produced wealth, has, as the country has grown, increased with it, and will necessarily continue to do so.”¹

¹ “The Evolution of the Trust,” by John Moody, *The Arena*, for May, 1907, p. 479.