

Enough readers want to know Earth's worth that mainstream articles do pop up with "answers."

CHAPTER 11

MEDIA REPORT OFFICIAL LAND VALUES

The mass media offer entertainment to be consumed, forgotten, and replaced by a new dish.

– W. H. Auden

THEIR NEW DISH

Cutting-edge bloggers in recent years have published what they have discovered about how much we pay for “Earth in America.” Reading their articles in the popular press let us skirt the jargon. We may even find a shortcut to the value of land and resources. But it’d be accurate only if these reporters don’t just report what’s been written. They must also weigh the researcher’s methodology for thoroughness.

TOP 10 ARTICLES

1. 2009 May 24, “Total Assets of the US Economy” at the blog of John Rutledge:

“Why is it that people know so much about something so small (GDP) but so little about something so big (total assets)? A balance sheet for the US economy at the end of 2008 shows (in billions) \$104,049 in total assets divided between \$58,639 in financial assets and \$46,301 in tangible assets. People own more than \$46 trillion of real stuff like land, buildings, cars, and computers, not just securities. The Federal Reserve does not report complete balance sheets for other sectors (farms, financial sectors, federal government, state & local governments) or rest of world (foreign owners). I think that is a big mistake. The other sectors are actually bigger than the ones they do report. Adding in farms, financials, governments, and foreign owners brings the total financial asset figure up to \$141,512 billion at the start of the recession. *As of June 2013 the market value of total assets held in the US rose to \$234 trillion, not counting the value of land and natural resources held by governments (the Federal government owns more than 700 million acres), corporations, or foreign persons.*”

Consider John's numbers. Of total assets, approaching half is tangible assets. Of tangible assets, well over half is real estate, likely over 80%; land plus buildings are worth one heck of a lot more than cars, computers, clothes. And half of real estate is land. How much? Using John's ratio and his \$234t, tangibles would be about \$90t, real estate about \$72t. If land is one half and buildings the other, land's aggregate price is \$36t – way up there, yet based on Fed figures. (In Ch 13 we reconcile that.)

2. 2012 July 13, “The World's Most Resource-Rich Countries” at *Business Insider* by 24/7 Wall St:

“Using the most recent uniformly available data on reserves and global market prices, 24/7 Wall St. calculated the total value of the proven reserves of 10 of the most valuable resources, by country. They include oil, natural gas, coal, timber, gold, silver, copper, uranium, iron ore, and phosphate. The U.S.'s total combined resource value [mostly fossil fuels and forests] is \$45 trillion. One could make a good argument that as a filter for carbon dioxide emissions and as a producer of fresh water, the world's timber lands are even more valuable untouched than they are when cut down and sold.”

Their \$45t price tag for US resources dwarfs Rutledge's figure for land – likely \$36t – and does not even include ordinary surface use like housing. (In Ch 15 we reconcile that.)

A slew of articles followed the next year in 2013:

3. July 8, “What's Land Worth?” in *BEEF Daily* by Amanda Radke:

She notes how ranches – called “*a safe-deposit box with a view*” – now sell mostly not to other ranchers but to urban investors and outdoorsmen who are willing and able to meet prices that are beyond what many cattlemen can afford.

Whether rural or urban, if desirable, people with cash-to-burn bid up land's price. Land tends to hold, even swell, its value – except when it doesn't. Yet the downturns don't last as long as the up. And when prices swing up, the upswings always bring a new top.

4. Sept 3, “A Remark on Ricardian Taxes” at the blog of Ashok, a college kid at the University of Pennsylvania (who was cited in the next article). The cited David Ricardo was an early economist (and successful stock trader) who showed land does not drive the price of corn but rather the value of the output drives the value of the location.

Ashok projected:

“... minerals can be taxed under Ricardian principles, there is a gold mine of untapped tax revenue. Just look at the sales of America’s oil and gas sector [as did 24/7 in #2 above]. Along with land, and maybe a small levy on income earned above \$1M we can finance a big government (25% G/GDP) with sensible tax policies.”

Tax millionaires? If government collects the annual rental value of things like minerals, oil, and land, how many incomes could still exceed \$1 million annually? Enough to bother about taxing?

That aside, what does he mean by “big government.” Like many people, probably he means *federal* government. But why shoot for big government and not for sensible government, especially if one’s touting *sensible* tax policy? I suppose when students eschew tabulating and resort to projecting, they lapse into dreaming.

5. Nov 22, “End the 1 percent’s free ride: Taxing land would solve America’s biggest problems” in *Salon* by Jesse Myerson of Occupy Wall Street. Each month, 20 million visitors read *Salon’s* award-winning content:

Besides citing Ashok above, Jesse also cites a scholar who used to work for Chase Manhattan and has done much enlightening research into banking: *“Michael Hudson has assessed that the land value of New York City alone exceeds that of all of the plant and equipment in the entire country, combined.”*

While that comparison is nice, still, what do we multiply it by to get the land value of the whole nation? And would Hudson agree NYC could sell Central Park for over a half trillion dollars (Ch 10)? Jesse continues ...

“...the amount of revenue that can be raised by taxing the land is huge. Enough, for example, to support truly liberatory social spending, like a universal basic income, without risking inflation.”

Our question re the size of Earth’s worth in America sure does arouse the interest of those who favor government spending. Perhaps they’ll add their voices to a call for officials to tabulate an accurate statistic of society’s surplus. When a public agency does respond with reliable numbers, my work here will be done.

In Riverside County California, a decrease of 10% in the distance to the nearest stand of oak trees resulted in an increase of \$4 million in total home value and an increase of \$16 million in total land value in the community.”

–2018 Jan 5, “Big Trees Make Your Property Value Grow” at BrightView by Tree Care. Public amenities make locations more valuable. As such, land value is a social surplus.

Later in 2013, *Slate* – which has won numerous awards, including the National Magazine Award for General Excellence Online – ran two articles in their MoneyBox section, one by Ashok (above) and one ...

6. Dec 20, “What’s All the Land in America Worth?” by Matthew Yglesias:

Based on the Federal Reserve’s Flow of Funds report, his total price was \$14.488 trillion. However, watch out; Matt passed on the academic’s inflating the price of buildings which deflates the price of land. Maybe that’s why this total is way under Rutledge’s likely \$36t. It also seems to measure only the surface, not resources which at \$45 trillion are three times \$14.5t.

7. Next year, 2014 Feb 6, “Response to Jesse Myerson’s Land Tax Idea” at *The Tax Policy Blog* by Joseph Henchman of the Tax Foundation: His back-of-an-envelope total price was \$50 trillion, but that included buildings with land. Land alone, he did not say. We’ll be fair and guess half, or \$25t. That splits the difference between Matt’s low \$14.5t and John’s likely \$36t high.

One year later, William Larson at the Bureau of Economic Analysis estimated that the 1.89 billion acres of the 48 contiguous states and the District of Columbia (not buildings, roads, or other improvements, nor bodies of water) may sell for \$23 trillion (Ch 13).

That’s close to Joe H’s likely \$25t but far from John R’s likely \$36t. In Larson’s wake came another batch of articles, in 2015:

8. Apr 22, “How Much Is the U.S. Worth?” in *Wall Street Journal* by Eric Morath:

“Land has long been recognized as a primary input in production and as a store of wealth. Despite its fundamental role in nearly all economic activity, there is no current and complete estimate of the value of the land area of the United States.”

Tell me about it.

9. Apr 23, “Fun Number: The US Is Worth \$23 Trillion. Or, Why A Land Value Tax Won’t Work” in *Forbes* by Tim Worstall:

Tim points out 5% has been the average rent on land for long historical periods in a number of different places. So, 1/20th of Larson’s total yields \$1.15 trillion rent per year from unimproved land – not much if you compare it to other income sources or to government spending. We’ll keep looking and find out if 5% still applies and how much more all kinds of land would bring in.

10. Jun 7, “How much would it cost to lease all of the land in the United States per year?” at *Quora* by Riley Ashton (until, for some reason, taken down):

Riley found subtotals for private land, both residential and commercial, and for public land, but only federal, and listed the sources. That leaves out some acreage and other uses yet it totaled \$2.72t annually (not price, rent). That’s over double the estimate of Worstall.

These last two estimates, by Worstall and Ashton, turn from lump-sum price to annual rent. Both of these thinkers are on the right path to a handier number, much more realistic. There is no market of buyers at stratospheric prices but there could be a market of renters at manageable amounts.

The two who want to redirect land value to public purposes, or to pay citizens a dividend—Ashok and Myers—or anyone, be aware. Taxing all the lump sum price would in practice be confiscating the land. The only amount available to taxers that’d not confiscate land or depress its value is its annual rent.

What might aggregate land value mean to you, dear reader? How much is society’s spending for nature per capita? Divide registered voters in the US into \$3t – a figure including what Ashton left out. It’s \$12,000 each year, or one thousand bucks every month, per voter.

HELP IS ON THE WAY

I’m excited to have dived in. It feels good to find some sort of answers and rub intellectual elbows with those who went before. But I’m also wary, a bit. While grateful to those who tackled this quest, one must admit most articles were not overly analytical, nor very critical. Sure, one must respect authority, but an investigative journalist must do more than that – s/he must ask the hard questions, too.

Nothing for it but to tackle the research papers, academic jargon and all. Make sure the value for all utilizations of land and resources gets

counted, not just surface land for housing in particular or for buildings in general. You know, count oil, water, airwaves, et al. And whoever's doing the counting, weigh their methodology for bias toward too little or too much rather than the Goldilocks means of just right.

Better input is needed. After refereeing the academic articles, we peel off that layer and drill down to their sources. We squeeze dry official sources and business sources of their raw data.

When questions arise, we call, chat, and email the people who work in the discipline. Once contacting them and putting our queries in the requisite academic jargon, academics aid us by explaining any murky points. Further, researchers tell us:

- if they have more recent figures,
- how big a ballpark, how big a range their estimate fell in,
- why they focused on what they did, why they did not go broader or deeper, and
- who else they recommend to talk to, other sources to check out.

They call academia “the cloister” for a reason, but we’ll crack that nut – and the powers that created it.