

proposed unlimited loaning by banks upon speculative valuations. Just so fast as the loans were made and the emergency money was set loose, so the speculative valuations would go mounting upward.

DISTRIBUTION OF THE NEW WEALTH.

An article in the issue of April 19 of the United States Investor, published in Boston, New York, Philadelphia and San Francisco.

Ground Rent as a Means of Diverting Wealth from Labor and Capital.

This nation is enormously richer than it was even ten years ago, but the masses of the people are no richer, and the struggle for existence is harder. They create more wealth every year, but it is spirited away from them. What becomes of it? The answer is clear and positive. It goes chiefly to increased ground rent. In every progressive community, in every land where wealth is increasing, the bulk of the increase goes to rents. This economic fact is not generally considered, but it is becoming recognized more and more every year. Years ago Prof. Cairnes pointed out this important fact when speaking of the tremendous increase in the wealth of the English nation. He said: This enormous increase in the wealth of the nation has gone neither to capital nor to labor nor yet to the public at large, but to swell a fund ever growing, even while its proprietors sleep, the rent roll of the owners of the soil."

In this country, our yearly production of wealth is almost inconceivable, and one-third of it goes to increase

The Rental Value of Land.

This is a natural economic law which all the socialists and all the governments on earth are powerless to destroy. This law operates automatically, silently, and is therefore little observed and likely to be overlooked by those who do not look beneath the surface of things and inquire into causes. The amount of increase in land values every year would be incredible if it were not made evident beyond contradiction by plain figures in public documents. In this city of Boston the assessed value of land exclusive of buildings has increased 40 per cent. during the last ten years. In other cities it has probably increased at an even greater rate. In 1891, the land in Boston was taxed on a valuation of

\$381,299,825. During the next ten years, up to 1901, the assessed value has increased by \$165,946,775, making the taxable value in that year, \$547,246,600.

Be it observed that this is the assessed value of land alone, not including one dollar of improvements. The increased value of buildings and improvements has been made by the outlay and enterprise of the land owners, but the owners did not create a single dollar of the increased land values. This increase in value of \$165,946,775 in ten years has been made by the people who live in Boston and those who visit and trade and do business in Boston. Every man who walks the streets helps to create this land value. The landlord, as landlord, creates not a cent of it. It is

Purely a Commercial Product

but it is increasing every year. The increase in one year, 1901, compared with 1900, was \$14,313,100. During the same year the increase in the assessed value of buildings was \$8,235,700, something over half as much as the increased value in land. The eight million dollars' increase in value of buildings was made by the will and energy of the owners, and resulted from the combined agency of capital and labor. But the fourteen million dollars' increase in land values did not depend on the will of the owners at all. It did not cost them one thought, or one effort, or a single cent of outlay. The value went on increasing while they slept. It is purely an increased value presented by the community to private individuals.

This private appropriation of public wealth has been established by long custom and is sanctioned by statute law, and prevails in almost all civilized communities. We have adopted this custom in this nation in imitation of the old nations of Europe. If it did not prevail in this country, and if the commercial wealth in land values which the community as a whole, has alone produced, were not appropriated by private individuals the city of Boston would not need to raise a dollar of other taxation. Its ground rents alone greatly exceed its national, state and municipal taxes. The same conditions exist in every city throughout the union. Throughout the nation the aggregate ground rents greatly exceed and are probably more than double the entire revenues of every description.

And year by year a larger and larger amount of the wealth production of the nation goes to increase land values. When the question is asked, What becomes of the tremendous amount of wealth produced every year by

American Labor and Capital?

the answer must present as its principal item the diversion of one-third of it to increase ground rents, which have not been earned by their beneficiaries. No solution of the wealth problem can be even approximately correct which overlooks this important fact. Men who bother their heads to account for the distribution of such wealth, and talk as if it went to improve the condition of laborers and producers, are far at sea. The yearly increase in wealth production does not greatly benefit either capital or labor. Mr. Carnegie, to the contrary, notwithstanding. It goes chiefly to increase the appropriations of privilege, and chief of all, the legal privilege of the ownership of the soil. In the city of Boston is one property which a hundred years ago was worth less than \$100,000, and the improvements were worth more than the site. To-day the site value alone is estimated to be worth \$1,500,000. Not a dollar of this wealth has been produced by the owners. It is a free gift presented to them by the people of Boston, and every year thousands of dollars are added to the unearned increment.

Many thousands of similar properties in all the cities of the nation furnish the key by which the true answer can be given to the question, Where does the wealth go to? Ground rent and similar legal privileges, like a huge sponge, absorb more than one-third of it, and capital and labor scramble for the rest. A solution of the problem of wealth distribution would be approximately correct which estimated that of all the wealth produced by the nation one-third goes to labor, one-third to capital and one-third to privilege. There can be no marked and permanent improvement in the material condition of the masses of the people till due consideration is given to this great diversion of wealth to individuals who have not earned it.

THE LAND QUESTION IN GERMANY.

The following letter from one of the ablest and most active land reformers of Germany, Mr. Adolph Damaschke, was written for and read at the recent Jefferson