

## INTERNATIONAL NEWS

A CENTURY OF LAND SPECULATION  
IN CHICAGO

The September-October issue of *Land and Freedom* (New York) contains a seven-page review by the Hon. Charles O'Connor Hennessy of Mr Homer Hoyt's book, "One Hundred Years of Land Values in Chicago" (University of Chicago Press, \$5.00). In the space at our disposal we can only attempt to summarize this remarkable story.

In 1830 Chicago consisted of a few log-huts. Government land was available without stint at \$1.25 an acre. Its remarkable natural situation led to rapid growth. By 1836 the population was 4,000. Land was bought and sold over and over again, and the selling value of land in the present city limits had risen to \$10,500,000. The inevitable crash came, banks failed and by 1841 the State bonds of Illinois were selling at a discount of 82 per cent.

Deflated land values invited workers and capitalists. The canal to La Salle was opened in 1848. In 1854 Chicago had become the railway centre of the West at the cost of enormous land grants to the railway companies. In 1855 the population exceeded 80,000. In 1859 land values had risen to 126,000,000. Once more came the period of collapse and liquidation. By 1864 no less than 98 banks had closed their doors.

During and after the civil war population and land values grew rapidly. The great fire of 1871 caused only a temporary setback, and by 1873 land values were 500 per cent above the level of 1862. Once more the inevitable reaction came. Bank suspensions and commercial failures caused a widespread panic. In 1877 land values had fallen to 250 million as compared with 575 million in 1873, and so the way was paved for further industrial expansion and growth of population.

The climax of the next speculative period was reached at the time of the World's Fair in 1892. The succeeding deflation, though less precipitate, was protracted and lasted into the present century. After 1902 rents began to rise. Between 1910 and 1918 land values rose 50 per cent, but the acute speculative fever was yet to come.

Between 1921 and 1928 the sales value of land in the city limits increased from two thousand million to five thousand million dollars. In 1928 foreclosures commenced, rents and prices were falling. Land values began a precipitate and disastrous decline. The stock market collapse in New York resulted and revealed the extent of the evil. By the end of 1932 foreclosure suits involved more than two thousand million dollars of real estate. The repercussions of this extended not merely to the United States, as impoverished investors in so-called investment companies formed in this country to finance mortgages of Chicago real estate could bear witness.

No more convincing illustration of the truth of Henry George's great discovery of the source of recurring periods of economic depression could be asked for than this epic story of Chicago land speculation. As Mr Hennessy says: "That Henry George was right from the standpoint of logical speculative theory is accepted without question by all intelligent people who have been through so-called land booms in various sections of this country. Now his theory is amply supported by the indubitable facts revealed in the study of the incidence of land dealings in a great and progressive community, as minutely studied over a period of a century."