

State. This prophecy will be interesting to remember as the time for judicial nominations in Ohio approaches.

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### Street Improvements.

The city of Meriden, Conn., has a sensible superintendent of streets. His name is W. H. Burke. Mr. Burke proposes to pave streets at the expense of the people who are enriched by the improvement. His plan is simple and feasible. According to the Meriden Morning Record, he is a firm believer in equal rights to all and special privileges to none. "Superintendent Burke says," continues the Record, that "the building of streets is a public-serving function of the government and it is a part of the government's business to do equally for each man in proportion to the benefits that man receives from the government. . . . Land values are higher in the centers of population, where the most people are, and gradually grow lower as the outskirts of the city are reached. Taking the total land value of the city at \$6,000,000 as a basis for calculation, and taxing it 5 per cent., \$300,000 is raised, the amount suggested as necessary to bond the city for the proposed project. Superintendent Burke states, and with reason, that if the city were bonded for that amount the chief streets would be permanently paved, but the money would not hold out long enough to warrant the side streets and more remote residential portions of the city being paved. By this system all taxpayers would be obliged to help certain sections and would derive no immediate benefits in their own. But according to Superintendent Burke's scheme each street in the city would be paved with such material as its land value permitted. The appraisal of North Colony is \$996,119. If that were taxed at 5 per cent. that street could be paved with asphalt. Pratt street probably could not afford to pay for asphalt. Its land value is \$323,888. This would guarantee perhaps brick or block paving, the property warranting such. If bonding were adopted Pratt street or a portion of it might be asphalted, and taxpayers in all parts of the city would be obliged to help pay for it, though perhaps not ever having occasion to go on the thoroughfare. If bonding were adopted a street like South Fourth, for illustration, would undoubtedly be given the go-by. This street is listed with land values at but \$12,-314. Being a short street, the money derived here would probably pay for macadam. Take an outside street, such as Bartlett street, where there are no sidewalks, as a still further illustra-

tion. Under the bonding system nobody presumes any attention would be given this street, but under Superintendent Burke's plan refuse crushed stone from Lane's quarry could at least be used, and the residents there would have all they were entitled to for the tax levied upon them. The street is listed at \$6,914 in land values, and the people living there would have a first-class highway for little money. According to the superintendent's plan, when a majority of the property owners got together and asked for their particular street to be attended to the work would be done. If the owners wanted better pavement than the land assessment would call for it would be up to them to lay a larger assessment. As the land values depreciated on a long street, such as North Colony, two styles of paving could be employed, asphalt to Britannia and another kind to the town line. If it was decided to pay for the work in less than ten years, a larger tax would be the result. By laying a 1 per cent. tax the entire city could have its streets in apple-pie order and paid for in five years' time. If one-fourth of 1 per cent. additional were decided upon, the taxpayers would have twenty years in which to settle." We have quoted at length and used local street names, because the situation is typical. Change the names, and the Record's description for Meriden will fit any other town or city in the country. Mr. Burke's plan is indeed the true plan for street improvement. To bond or levy general taxes is to benefit the real estate owner at the expense of the real taxpayer; to lay special assessments regardless of relative values, or practically so, as is usually done, is to burden the small home owner for the benefit of the rich real estate owner. But to tax abutting owners in proportion to the value of their holdings is to give value for value.

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### THE SCHOOL-LAND LEASES OF CHICAGO.

The public school system of Chicago would be the best endowed in the world (p. 874) if its magnificent estate had not been wasted in the past by the trustees. For, Congress having given to the State of Illinois in the '30's, for educational purposes, every sixteenth section of public land, Illinois gave to the city of Chicago, for the same purposes, section No. 16 in the town of Chicago. This section is now worth an almost fabulous sum. It is in area one mile square, extending from State street on the east to Halsted on the west and from Madison on the north to Twelfth

on the south, and including the very heart of the business district of the second city of the continent. But nearly all this rich inheritance of the Chicago school children was quickly frittered away by and to business interests, for something less than \$40,000; and to-day the schools get from what was then sold, only a modest percentage in taxation upon absurdly low assessments.

A small part, however, of section 16 escaped this destructive waste of some sixty years ago. The north-east corner of the section still remains. It extend from Madison street one block south to Monroe, and from State street one block west to Dearborn. One of its corners—Madison and Dearborn—is distinguished as the site of the Chicago Tribune building. How this block came to escape the ravages of the real estate investors of the '30's and '40's is a mystery which need not now be probed. It is enough for present purposes to note that the real estate investors have for more than a quarter of a century had their land-hungry eyes upon it, and since they could not grab the freehold have unceasingly labored to appropriate its "unearned increment" through manipulations of leaseholds.

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In 1880 the block in question was ground-leased by the school trustees to different tenants upon 50-year leases with covenants for readjusting the ground rent every five years. These covenants were designed to protect both parties. If the land became less valuable, as no one expected, the rentals would be accordingly reduced; if it became more valuable, as every one expected, the rentals would be accordingly increased. Thus the school children would get the benefit of the increasing value of this land resulting from the growth of the city, if the city grew, and the tenants would be protected against loss in case the city did not grow and the land consequently declined in value.

That arrangement lasted only five years. When in 1885 the first period for rent readjustment arrived, the tenants (good "business men" all) refused to abide by their covenants, but tied up the property in the courts. A compromise with them was made in 1888, under which the term of the leases was changed from 50 years to 100, bringing it down to the year 1985, and the rent-adjusting periods were changed from five years to ten.

But the business itch to grab the future "unearned increment" of this property from the school children of Chicago was not allayed. When the first decennial rent-adjustment year came, the

year 1895, the tenants were more insistent than ever upon coercing the trustees, by threats of again "holding-up" the income by court proceedings, and even by personal attacks, into yielding up the rights of the school children. Foremost among the lessees who engaged in this crusade was the Chicago Tribune. These efforts were amazingly successful. The Tribune, the Daily News and a few other tenants of the school board who were admitted into the combine, had their leases transformed, without adequate consideration, into 90-year leases with no periodical readjustment. In other words, as a virtual gift to their tenants, the school trustees cancelled the covenants for 10-year readjustment of rentals and released the tenants of their obligations thereunder.

This was done principally through the activity of the Chicago Tribune. Its own lawyer, a Democrat, had been appointed a school trustee by a Republican mayor. This may have been merely an instance of extreme non-partisanship, of course, and in the interest of good government; but there is no proof of that, and citizens of Chicago familiar with the facts are incredulous.

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The work of transformation began in March, 1895, when the school trustees released the Daily News of its obligations under the 10-year clause, and transformed its lease having 90 years to run, but with provisions for readjusting the rental every ten years, into a lease for 90 years with no readjustment of rental. The consideration in the case of the Daily News was an agreement to pay 6 per cent. per year for ten years upon a capital valuation of \$2,750 per front foot, and for the remaining 80 years upon a capital valuation of \$3,000. Only three months later, the Chicago Real Estate Board appraised the then value of the same land at \$4,500 per front foot.

It was in the month of May following the Daily News transaction, that the Tribune was granted its release from the 10-year clause. In regular course the Tribune's holding of three lots, extending in the aggregate 72 feet southward on Dearborn street and 120 feet eastward on Madison, had been appraised under its lease for the decennial period from 1895 to 1905. The appraisement was \$30,000 per year. The Tribune refused to make good its obligation to pay this rental, but offered to compromise upon \$30,000 a year for the remaining 90 years of the leasehold term. That seemed to the trustees no consideration at all, and so it must seem to everybody else. To release the

Tribune from its covenant to accept a reappraisal of rent every ten years during the term of 100 years, for no other consideration than its acquiescence in the regular appraisement for the second ten years of the term, must have been a startling proposition even to over-willing trustees. But when the Tribune offered to acquiesce in the appraisement of \$30,000 for the second ten years, ending in 1905, and to give 5 per cent. additional for the remaining 80 years, the school trustees, with two or three exceptions, exclaimed: "Ah!" in tones of extreme satisfaction. This five per cent. they eagerly regarded as a good and valuable consideration for releasing the Tribune from its legal obligation! The two or three exceptional trustees looked at the matter in a different way; and one of them, Joseph W. Errant, denounced the five per cent. consideration as a transparent humbug.

But this humbug, regarded as sufficiently saving the faces of the trustees, was rushed through the board, and the documents were signed hastily, not to say surreptitiously, in order to avoid injunction proceedings.

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It is argued in behalf of the trustees who perpetrated this injustice, that no one could tell in 1895 that the property would increase so greatly in value as it has. The transaction has been described even recently as possibly "unfortunate," but nevertheless legitimate, even if the property is worth now double or treble the rent the Tribune is paying—even if one of the favored tenants did sell his lease 18 months later for a premium of \$230,000. But every sane business man must have known that the consideration for striking out those revaluation clauses in the leases of the Tribune, the Daily News, and their associates, was utterly inadequate and indefensible.

It must have been known to these very trustees, not only that Chicago land had constantly risen in value for sixty years, but that in that period the northeast corner of the very block on which the Tribune building stands, a quarter of an acre (100 by 100 feet on the south side of Madison street and the west side of State), had risen from \$20 to \$1,250,000. This fact had been made publicly known by F. R. Chandler, a distinguished real estate expert of conservative reputation. At a dinner of the Chicago Real Estate Board in November, 1893, Mr. Chandler had presented a tabular comparison of the business barometer and the population of Chicago from 1830 to 1894, together with the value of this lot annually and the

annual percentages of increase and decrease. Following is Mr. Chandler's table:

Date.	Changes of Barometer.	Population of Chicago.	Annual increase per cent.	Value of quarter acre.	Annual increase per cent.	Annual decrease per cent.
1830	Clearing.....	50	100	\$20	.....	.....
1831	Fair.....	100	100	22	10	.....
1832	War Storm.....	200	100	30	40	.....
1833		350	75	50	67	.....
1834	Rising.....	2,000	467	200	300	.....
1835		3,265	60	5,000	2400	.....
1836	Booming.....	3,820	17	25,000	400	.....
1837	Panic.....	4,179	10	3,000	.....	88
1838		4,000	—4	2,500	.....	17
1839		4,200	5	2,000	.....	20
1840	Depression.....	4,470	6	1,500	.....	25
1841		5,000	12	1,250	.....	17
1842		6,000	20	1,000	.....	20
1843		7,589	25	1,100	10	.....
1844	Rising.....	8,000	6	1,200	10	.....
1845		12,088	50	5,000	20	.....
1846	Booming.....	14,169	16	15,000	200	.....
1847	Panic.....	16,859	18	12,000	.....	20
1848	Showers of gold.....	20,023	25	13,000	9	.....
1849	Mirage of wild cat.....	23,047	15	15,000	15	.....
1850		28,269	22	17,500	17	.....
1851	Rising.....	34,000	22	20,000	14	.....
1852		38,754	14	23,000	25	.....
1853		60,662	60	30,000	20	.....
1854	Drought.....	65,872	9	35,000	17	.....
1855	Buoyant.....	80,023	23	40,000	14	.....
1856	Booming.....	84,113	5	45,000	12	.....
1857	Panic.....	93,000	11	35,000	.....	22
1858		91,000	—2	30,000	.....	14
1859	Depression.....	95,000	4	29,000	.....	3
1860		109,000	15	28,000	.....	3
1861		120,000	10	28,000	.....	.....
1862	Great war clouds.....	138,000	15	32,000	15	.....
1863		160,000	16	33,000	3	.....
1864		169,353	6	36,000	13	.....
1865	Calm.....	178,900	6	45,000	25	.....
1866		200,418	12	57,600	28	.....
1867		220,000	10	65,000	12	.....
1868	Rising.....	252,054	15	80,000	23	.....
1869		272,043	8	90,000	12	.....
1870		298,977	9	120,000	33	.....
1871	Very hot.....	325,000	9	100,000	.....	17
1872	Booming.....	367,398	13	125,000	25	.....
1873	Panic.....	380,000	3	100,000	.....	20
1874		395,408	4	95,000	.....	5
1875		400,000	1	92,500	.....	3
1876	Depression.....	407,661	2	90,000	.....	3
1877		420,000	3	90,000	.....	.....
1878		436,731	4	95,000	5	.....
1879	Gold rays.....	465,000	7	119,000	25	.....
1880		503,298	8	130,000	10	.....
1881	Rising.....	530,000	5	145,000	12	.....
1882		560,693	6	175,000	21	.....
1883		590,000	6	228,000	36	.....
1884	Stormy.....	629,985	6	250,000	5	.....
1885		700,000	11	275,000	10	.....
1886		825,880	18	325,000	18	.....
1887	Rising higher.....	850,000	3	435,000	34	.....
1888		875,500	3	600,000	38	.....
1889		900,000	3	750,000	25	.....
1890	Booming.....	1,098,570	22	900,000	20	.....
1891		1,200,000	10	1,000,000	11	.....
1892	Columbian sunshine overcomes panic.....	1,300,000	9	1,000,000	.....	.....
1893		1,400,000	8	1,000,000	.....	.....
1894		1,500,000	.....	1,250,000	.....	.....

In order to obtain these data of values Mr. Chandler had first searched for the prices at which numerous valuable sites in the business center of the city had been sold since 1830. Though no single site had been transferred often enough to indicate its annual changes of value, the great mass of statistics which he collected as to prices in the neighborhood of every lot that came within the range of his examination, together with the prices of each such lot itself, enabled him to fairly

estimate the land value of that neighborhood. By applying this method to several of the more valuable neighborhoods of the business section, and confirming his estimate by reference to public records, private archives and market reports, he ascertained the different values at different times. He then obtained the opinions of 100 of the best posted real estate men in Chicago as to the most valuable quarter acre in the city. Preponderance of opinion settled upon the southwest corner of State and Madison street, part of the school fund property controlled by the Board of Education, the property to which the table relates. This had never been sold, but with the information he had already collected regarding the prices of neighboring property, Mr. Chandler was able to determine its value for each year from 1830 to 1894.

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Not only must the information of the foregoing table have been accessible to the school board of 1895, when it was about to make its improvident deal with the Tribune. A private ground-renting transaction had but recently taken place in the same neighborhood, which should have admonished the school trustees that they were about to be disloyal to their trust. The lot on the northeast corner of Adams and Dearborn, on which the Fair Building stands, had been but recently leased. This lot, 198 feet on the east side of Dearborn and 66 on the north side of Adams, is somewhat larger than the Tribune's lot, two blocks away, which is 72 on the east side of Dearborn and 120 on the south side of Madison, the latter being the second street north of Adams and parallel to it. The lease of this Fair Building lot was for 99 years; it required a first-class building to be erected and to come to the landlord for nothing at the end of the term—conditions that were not imposed by the school board upon the Tribune—and the rent was to be \$70,000 per year for the full term. As the rent for the Tribune lot was compromised at \$30,000 for ten years and \$31,500 for the remaining 80 years, we have an average per year of \$31,333 for the Tribune as against \$70,000 for the Fair. This, however, is not a fair comparison, for the Tribune lot is smaller than the Fair's. Then let us reduce both to a common basis and ascertain the rental per square foot. For the Fair it is \$5.35 per year; for the Tribune it is only \$3.60.

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Whether the evidently improvident, even if not fraudulent, action of a majority of the school trustees in making a present to the Tribune and

its associates in the combine of 1895 of a rich income at the expense of the public school children of Chicago, can be remedied in the courts remains to be seen.

Whether the present trustees or their successors will follow the example of their predecessors of 1895 in dealing with the revaluation clauses that are still in force, also remains to be seen.

Meanwhile, however, the land-grabbing interests are trying to protect themselves through the new charter which is in process of formulation. On pretense of giving greater protection to the school interests in this respect they are giving less. They are doing it by means of a trick too old and threadbare to fool any man when the fact is once called to his attention. What they propose is to make all long leases in the future, and all alterations in existing leases, subject to approval by the City Council. This seems like protection, since the assent of two bodies instead of one is necessary to final action. But if improvident or fraudulent action were taken, the approval of a legislative body like the City Council would make it almost if not quite impossible to undo the effect of the fraud in the courts; whereas, improvident or fraudulent action by the school trustees, like such action by any other trustees, is subject to inquiry and revocation by the courts. Even if the good faith of the Council could be inquired into by the courts, this "protective" clause would make it necessary to prove a case of violation of trust obligations against two sets of trustees instead of only one. There is apparently a real estate Sambo in this charter wood pile.

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## NEWS NARRATIVE

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To use the reference figures of this Department for obtaining continuous news narratives:

Observe the reference figures in any article; turn back to the page they indicate and find there the next preceding article on the same subject; observe the reference figures in that article, and turn back as before; continue until you come to the earliest article on the subject; then retrace your course through the indicated pages, reading each article in chronological order, and you will have a continuous news narrative of the subject from its historical beginnings to date.

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Week ending Wednesday, Jan. 2, 1907.

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### Chicago Charter Convention.

The convention for framing a charter for the city of Chicago (vol. viii, p. 784; vol. ix, p. 350) has completed its work, in so far as substance is concerned. This convention is a product of the amendment to the State constitution adopted at the election in 1904 (vol. vii, p. 505), which allows the legislature to legislate specifically for Chicago, such legislation to be subject, however, to approval by the people of Chicago on referendum. An effort was made in the legislature in 1905 to secure a call for