

the vote of thanks with an unqualified endorsement of the direct legislation movement. At a banquet tendered by some of the leading citizens of Winnipeg—lawyers, clergymen, doctors, business men and workmen, including members of Parliament—Mr. White explained the single tax problem, appealing with good feeling and truth to the men there of the English speaking race as one race with like institutions, "though artificially separated by absurd tariff regulations." During his stay in Winnipeg, he gave a public lecture on Henry George, and one on Free Trade; and besides addressing the Trades and Labor Council on public ownership of public utilities, he spoke on Sunday night from the pulpit of the Young Methodist Church. Local advices state that Mr. White has given a tremendous impetus to the democratic movement in Winnipeg. His present trans-continental tour appears thus far to be by long odds the most effective of any he has made, highly useful as all of them have been.

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The Police "Sweatbox."

In Cleveland the "sweating" (p. 1036) of prisoners by policemen has been stopped. "Golden Rule" Kohler, the chief of police of Cleveland, has given orders to his force that under no circumstances will they be allowed to use the "sweat-box," or resort to any other brutal treatment of prisoners. Prisoners must be "booked" as soon as they are locked up, and must be taken to court at the first session after their arrest. As all this is in strict compliance with the law, we may expect to hear Kohler denounced by pharisaical advocates of "law and order."

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AN IDEAL CHICAGO AND THE COST OF IT.

IV. Of the Fund Proposed for Meeting the Cost.

The method suggested in the third editorial of this series (p. 1036) for overcoming the only baffling obstacle in the way of realizing the Ideal Chicago of the Commercial Club's planning, may be presented in broad outline somewhat as follows:

First: The municipality of Chicago is about to adopt and execute plans for realizing an Ideal Chicago, whereby the ground rent value of most of the land within the contemplated area of this Ideal city will be increased in varying degrees, some more some less.

Second: To compensate for any destruction or depreciation of property interests thereby caused,

the municipality will pay the owners fair amounts for their loss.

Third: In order thus to compensate the land owners whose ground rent values are lessened by this reconstruction of the city, an exaction will be made of those land owners whose ground rent values are thereby increased; payable, however, from and in proportion to the actual increase as the same may be ascertained from time to time.

Fourth: In order to meet the other expenses of this municipal reconstruction, a further exaction will be made of those whose ground rent values are thereby increased, also payable only from and in proportion to the increase.

Fifth: Should any other property than land be increased in value by the proposed municipal reconstruction, a proportionate exaction will be made also of the owners of such property,—payable, as in the case of land, only from and in proportion to ascertained increases.

Details for executing this plan of providing for the cost of realizing the Ideal Chicago, depend upon only one consideration. Since this consideration is the same as that upon which the plan itself depends, the latter should receive attention first. To discuss details for executing an impossible plan would be a waste of space.

Our contention, then, is that it is well within the limits of reasonable probability that the consequent increase in Chicago land values in the next fifty years would, if the city were reconstructed in some such manner as is proposed, be enormously greater than the cost of the reconstruction.

How has it been with Chicago in the past fifty years, even without the tremendous impulse and sustaining power of the economic forces which the proposed idealization would generate and perpetuate and intensify?

From the history of the past we may fairly infer the future.

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A suggestive instance is afforded by a Wabash avenue transaction. During the present summer, Mandel Brothers completed the purchase of a Chicago site at the northwest corner of Wabash avenue and Madison street—70½ by 150 feet—by buying an outstanding one-fifth interest for \$150,000. As this was by court decree and for less than the tax valuation, the price could not have been excessive; and as it was for the land alone and for only a fifth interest, that little piece of land must be worth at least \$750,000. We get the facts from the Chicago Tribune of September 1, 1909. It appears from the same

source that the same property was leased ten years ago for 99 years at an annual rental of \$28,500. Estimating, then, upon the usual basis of a 20-years' purchase, the lot must have been worth \$570,000 when that lease was made. There was, therefore, an increase in its value of \$180,000 between 1899 and 1909. Meanwhile the owners received 5% on the 1899 valuation.

A more striking instance of increase, more striking because, being spread over a longer period, it is more certainly normal, appeared in the real estate columns of the Chicago Examiner of August 19, 1909. It was a sale to the Central Electric Company (or, strictly speaking, to its president, George A. McKinlock, for corporation landholding is restricted in Illinois) of a building site at the southwest corner of Fifth avenue and Jackson Boulevard, for \$450,000. This site, which has a frontage of 87½ feet on Fifth avenue and 163 on Jackson boulevard, was sold in 1835 as part of a 3-acre block at \$230 for the entire block, and separately in 1856 for \$20,000 for this particular site. The increase for the 53 years from 1856 to 1909, was therefore \$430,000. In the interval the property has produced a rich net profit annually.

Another suggestive instance may be found in the Record-Herald of June 20, 1909, relative to the very inadequately improved site at the southeast corner of Jackson boulevard and Plymouth court. This site was bought by William C. Lobenstine of New York City in 1885 for \$200,000 and sold by him in 1909 for \$900,000. As the Record-Herald observed, "by holding this land for 24 years, Mr. Lobenstine made a clear profit of more than \$700,000;" for "a one-story building on the lot furnished sufficient income to pay taxes and interest on his money while holding the land." It might be significantly added that this enormous profit was in every sense a drain upon Chicago, Mr. Lobenstine being a non-resident.

Several instances of increase in Chicago land values are cited by Wilbert L. Bonney in the Chicago Economist of July 24, 1909. He cites them to support, for investment purposes, the identical generalization we are leading up to for civic purposes. Mr. Bonney tells of a friend who consulted him five years ago about investing \$6,000, and "looked pained" when Mr. Bonney "suggested a small real estate investment." But he took the advice, and netted 8 per cent annually on the investment until recently, when he sold out his \$6,000 purchase for \$11,000.

But Mr. Bonney realized, as we do, that a

short turn like that does not prove that land value increases are constant. So he turned to a block of Chicago land and followed its value history. The block he chose is bounded on the south by 25th street, on the west by Wabash avenue, and on the east by Michigan avenue, and contains about three acres. It was sold in 1851 for \$750, and in 1857 for \$15,000; in 1858 a quarter of an acre of it was sold for \$4,875, in 1860 for \$6,200, and in 1868 for \$7,941.18; and at the present time the original three acres is worth "about half a million dollars aside from improvements." Here, then, were increases per acre, from \$250 in 1851 to \$5,000 in 1857, to \$19,500 in 1858, to \$24,800 in 1860, to \$31,764.72 in 1868, and to about \$166,666 in 1909. It might be argued that possibly these increases were not more than enough to meet interest on the investment and taxes. Although unlikely, this may have been so. But if it was so, the owner was guilty of a breach of trust in not utilizing the lots. There is only one excuse for private ownership of land, and that is that the owner will put it to its best use. Owners who neglect to do this are violating their duty as land owners. Owners who do it are getting interest on their investment and taxes as they go along, and the extra price for which they sell is what gamblers call "velvet."

In this connection it may be well to recall the economic history of a quarter acre lot in Chicago, prepared in 1894 by F. R. Chandler, one of the distinguished real estate experts of that time in Chicago, and published at page 277 of the eighth biennial report of the Illinois Bureau of Labor statistics. The quarter acre to which this economic history relates is at the southwest corner of Madison and State streets. It belongs to the Board of Education and has never been sold; but Mr. Chandler made a collection of prices in the neighborhood and in other valuable neighborhoods, and with these data and other sources of expert information, he constructed for the Real Estate Board the annual range of values from 1830 to 1894. We quote by decades in order to save space: 1834, \$200; 1844, \$1,200; 1854, \$35,000; 1864, \$36,000; 1874, \$95,000; 1884, \$250,000; 1894, \$1,250,000.

There is nothing peculiar to Chicago in those instances—nothing to justify any supposition that these increases of land values may be accounted for by local or temporary circumstances. Every prosperous and progressive city, little and big, old or young, shows the same phenomena of increase, and shows that it is constant in its tendency.

The Daily Oklahoman for July 23, 1909, tells of a "romance in realty" in Oklahoma. At the founding of that city in 1899, a Cincinnati, James Weaver, staked a 50 by 140-foot lot claim. In 1897 he declined \$1,700 for the lot, in 1901 \$12,000, in 1905 \$24,000, in 1907 \$60,000, in 1908 \$100,000, and in 1909 \$140,000; later in 1909 he executed a 99-year ground lease at a 5 per cent rental on a valuation of \$160,000. This is probably not a typical case as to rapidity of increase, but as to the rising tendency, it is typical.

In Pittsburgh, similar data may be found, not as an exception but as a rule. We give a Pittsburgh instance, reported August 23, 1909, by the New York Committee on Congestion of Population. A lot at 311 Fourth avenue, Pittsburgh, which sold in 1884 for \$30,000, in 1887 for \$52,000, in 1888 for \$55,000, and in 1896 for \$185,000, was worth \$400,000 in 1908.

Boston, with a record of 250 years of land value increases behind it, is another city in which this phenomenon persists. The Boston American's real estate column for July 4, 1909, reports what it calls "a striking example, but one which can be duplicated in other parcels in the city." It is the corner lot at Washington street and Temple place, known as the Blake building. "An expert," continues the report quoted from, "who is in close touch with this property, stated that it was his conservative opinion that after allowing a 4 per cent income on the original investment and nominal charges each year, over \$6,000,000 has been taken out in profits from about 1845 to the present date." In 1840 this land was assessed for taxation at \$5.50 a square foot, in 1860 at \$10.40, in 1880 at \$41.61, in 1885 at \$49.20, and in 1909 (after intervening increases) at \$148.

New York is another city whose site values have for 250 years been steadily rising. It was supposed that they had reached their climax in the '30's, and again in the '50's and again in the '70's, but they are still rising. Of outlying parts of New York the Committee on Congestion of Population reported on the 23rd of August, upon four sites. Nine lots on 170th street sold in 1903 for \$68,000, in 1904 for \$82,000, and in 1905 for \$100,000. A block of 52 lots from 153rd to 154th streets on 8th avenue rose from \$300,000 in 1905 to \$572,000 in 1909. These values are typical of the newer New York, of that part which was farming land before the great transportation improvements came in. But it is the same in lower New York, where the old

Knickerbockers settled. Records of what at each interval was regarded as marvelous increases in land values, may be found at brief intervals of time all through the history of lower New York.

Since 1906 the New York tax laws have required separate valuations of improvements and sites, and the report for 1909 shows for the whole of greater New York an increased value of sites alone since 1906 of \$518,493,461. This is more than \$100 for every present inhabitant. As the aggregate values for those years were \$3,367,233,746 for 1906 and \$3,885,727,207 for 1909, the proportion of increase has been 15 per cent. And this does not include special franchises, the increase of which in value in the same period is over \$100,000,000. In the borough of Manhattan alone—the old Manhattan Island that was bought from the Indians less than 300 years ago for \$26—where the limit of land values has several times been supposed to have been reached, the increase of ordinary site values from 1906 to 1909 was \$229,606,660, an average of \$76,535,553 annually, a percentage increase of 9%, and a per capita increase of nearly \$100 for every present inhabitant of the old Island.

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Public improvements evidently enter into these increases of city land values. Were public improving to cease in any city, increase in its land values would encounter a heavier and heavier pressure, which would finally bring the increase to a standstill, and probably reverse the tendency. If there had been no street grading and paving in Chicago, no public-service utilities, the city might long ago have ceased to grow and its land values to rise. Public improvements manifestly add to the land values of the localities they are expected to serve.

A case in point is reported in the Chicago Tribune of July 28, 1909. The property at 347 and 349 State street was bought by Daniel W. Volz for \$150,000 and sold by him to Edward B. Butler within 24 hours for \$160,000. "This was part of the movement," says the report, "that set in about 90 days ago, due to the reports concerning the construction of a magnificent terminal for the roads coming in over the Chicago and Western Indiana railroad at the southwest corner of State and Polk streets." The mere expectation of that public improvement had given such an impulse to land values in the vicinity, that a lot with a 40-foot frontage rose in value in one day from \$150,000 to \$160,000.

In New York, the subway had in 1908 so increased the value of the land along the route (p.

435) as to make the increase of only a part of it greater than the total cost of the entire subway.

In Glasgow, the success of municipal ownership and operation of the street cars, has vastly increased the value of Glasgow land.

On this point of public improvements as the cause of increase of city land values, there is an illuminative editorial in the Liverpool Daily Post and Mercury of August 17, 1909. We quote from it as follows, especially for the facts it reveals regarding the influence in Great Britain of public improvements upon land values:

Every work of public improvement reacts to the benefit of the owner of the soil. The opening of a ferry or a tram route at once raises the rents and land values in the districts served by the new facilities. Everybody knows that when parks and open spaces are provided at the public cost the price of land in the neighborhood goes up at once, so that the poor cannot afford to live in the neighborhood and enjoy the improvements. From the examples given in the Budget League handbook we may quote the case of the Corporation of Glasgow, which paid £29,000 for 82 acres of land, to be laid out as a park, at the rate of £350 per acre. The price of land in the immediate neighborhood at once rose from £350 to £500 per acre. Another example is quoted from Govanhill, where the whole of the land belongs to two owners. A park was made at public expense in the center of the district; one of the first effects was to increase the value of the surrounding land from 20s per square yard to 25s, or even 30s. An even more striking result occurred at Darwen, where two parks were formed, for which the land alone cost the Corporation £3,500. As a result, land in their neighborhood, which was let eight years ago at ¼d per yard, has since been let at 3d per yard, and latterly at 4d. The monopoly which enables the price of land to be raised in this way as a result of public improvements also gives the landowner the power to extort an unduly high price when land is required for public use. Cases of sales to the Government or to public bodies at extortionate prices might be multiplied indefinitely.

And so it is everywhere. The values of city land are kept constantly rising by public improvements. It is a natural law, as we shall show upon good business authority in our next editorial on this subject.

In the foregoing glance at instances of the increase of city land values, while we have stopped far short of the exhibit that might be easily made, we have gone farther than would be necessary if these common facts of every day life were not elusive. It is when his spectacles are on his head that the average man hunts for them. And so with this obtrusive phenomenon of the persistent increase of city land values. It is so familiar that the average city man seldom sees it—except,

perhaps, for money-making purposes. He is "from Missouri and has to be shown," when common interests are at stake; which is our excuse for devoting so much space to instances of a fact so universal and commonplace. But fact it has been in the whole history of cities, and fact it is in every city today. Of course this includes Chicago.

NEWS NARRATIVE

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.

Week ending Tuesday, November 2, 1909.

The Election in Cleveland.

The municipal election in Cleveland (p. 1043) came off on the 2d, with the defeat of Tom L. Johnson in his campaign for Mayor for the fifth consecutive term.

From the 26th to the 30th, both days inclusive, the issues were debated, on alternate days, in the Cleveland Press, upon its invitation, by the Republican candidate, Herman Baehr on one side, and Mayor Johnson on the other. Senator Burton entered the campaign for Mr. Baehr on the 26th. This introduced a note of national politics, from the fact that Senator Burton had followed the lead of Senator Aldrich on the tariff bill in the United States senate. He defended his course in this respect on the ground that he is a protectionist, and that "President Taft has justified the course of those who voted for the bill." Mr. Baehr received a challenge from Mayor Johnson to meet him in debate at any time or place—"in my tent, in his tent or in the Public Square"—but the challenge was ignored. As Mr. Baehr is not accustomed to public speaking, Mayor Johnson broadened his challenge so as to include any representative Mr. Baehr might name, but this challenge also was ignored. According to the Plain Dealer of the 29th, Mr. Baehr's candidacy represented the court house ring. The betting in Cleveland on the result rose from odds against Johnson, to \$100 for Johnson against \$60 for Baehr.

The returns are as yet very meager, but Mayor Johnson concedes his defeat and announces his intention of being a candidate two years hence. He will meanwhile stand guard as a private citizen against corporation influences.