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Author(s): Gerald D. Nash

Source: *Agricultural History*, Jul., 1959, Vol. 33, No. 3 (Jul., 1959), pp. 133-137

Published by: Agricultural History Society

Stable URL: <https://www.jstor.org/stable/3740894>

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# Henry George Reexamined: William S. Chapman's Views on Land Speculation in Nineteenth Century California

GERALD D. NASH

Not quite a century ago Henry George wrote *Progress and Poverty*, one of the most successful tracts in the history of American reform movements. Many of the general conclusions of this work were based on his own personal experiences as a newspaperman and journalist in California.<sup>1</sup> In fact, eight years before the publication of his most notable book, George foreshadowed it with a briefer one—a searing criticism of land monopoly in California.<sup>2</sup> For, in 1871, land ownership in the State was concentrated in the hands of a few individuals who controlled tracts aggregating millions of acres. What George failed to realize, however, was that California was undergoing a transition from virgin frontier to a more intensive, small farm agriculture, a temporary cycle in land ownership which had already advanced further in the older Middle Western states. Like many late nineteenth century reformers, George relied more on the pent-up anger of his emotions than on a sober, rational analysis of the land situation in California.

George blamed large-scale speculators for the concentration of land ownership in California. As he stated forcefully in his early book:

In all of the new States of the Union land monopolization has gone on at an alarming rate, but in none of them as fast as in California. . . . These lands were gobbled up by a few large speculators, by the hundred thousand acres. . . . Millions of acres have been monopolized by a handfull [sic] of men. . . . The chief of these speculators [Chapman] now holds some 350,000 acres. The State has been made the cat's paw of speculators.<sup>3</sup>

Such an indictment was not entirely unjustified since in many areas of the United States the baneful effects of speculation had already been recognized. Detailed studies of land disposal in Indiana and Illinois have shown for example, that speculation led to an overly rapid dispersion of the population, with attendant social evils, and to uneconomic land utilization.<sup>4</sup> But while these conditions also existed in California, they

could not be blamed simply on the speculators. Indeed, the leading land dealer in the state, William S. Chapman, was himself cognizant of the situation and tried earnestly to overcome it.

For a decade after 1865 Chapman was one of the largest land owners in California, if not in the entire United States. Emigrating from Minnesota in the early 1860s, he was among the first to see that fortunes in the new state were to be made in land, not gold. His large purchases from Federal and State land offices were begun in 1864 and increased with the decade as he collaborated with Isaac Friedlaender, the biggest wheat grower and shipper in the state, and the acknowledged "Wheat King" of California. By 1871 Chapman owned more than one million acres, most of it bought from the Federal government. When plotted on a land-use map his holdings comprised some of the best areas in the state.<sup>5</sup>

<sup>1</sup> Charles A. Barker, *Henry George* (New York, 1955), 72–195.

<sup>2</sup> Henry George, *Our Land and Land Policy-National and State* (San Francisco, 1871); *Progress and Poverty* (Fiftieth Anniversary Edition, New York, 1929), 224, 276–77, 436–37.

<sup>3</sup> George, *Land and Land Policy*, 13, 19, 22, 23, 26.

<sup>4</sup> See studies of Paul W. Gates, "The Disposal of the Public Domain in Illinois, 1848–1856," *Journal of Economic and Business History*, 3: 234–237 (February, 1931); "Land Policy and Tenure in Indiana," *Indiana Magazine of History*, 35: 25–29 (March, 1939); "The Role of the Land Speculator in Western Development," *Pennsylvania Magazine of History and Biography*, 64: 330–333 (July, 1942); Ray A. Billington, "The Origin of the Land Speculator as a Frontier Type," *Agricultural History*, 19: 211; but see Thomas Le Duc, "State Disposal of Agricultural Scrip," *Agricultural History*, 28: 106 (July, 1954), and Allan and Margaret Bogue, "Profits and the Frontier Land Speculator," *Journal of Economic History*, 17: 1–24 (March, 1957).

<sup>5</sup> See Chapman's testimony in "Testimony before the Joint Committees on Swamp and Overflowed Lands and Land Monopoly," in *Appendices to the Journals of the Legislature of the State of California*, 20 Sess. (Sacramento, 1874), 5: 35, 39, 85; San Francisco *Chronicle*, March 17, 1906; Lilbourne A. Winchell, *A History of Fresno County and the San Joaquin Valley* (Fresno, 1933), 102–05; Paul W. Gates, "The Homestead Act in an Incongruous Land System," *American Historical Review*, 41: 669 (July, 1936), and also his book, *The Wisconsin Pine Lands of Cornell University* (Ithaca, 1943); 31–32.

The glaring deficiencies of Federal and State land laws made Chapman's existence as a speculator all but necessary. Such basic statutes as the Preemption and Homestead Acts, as well as California's Green Law of 1868, ignored the realities of geographical conditions by making no provision for land classification; this easily led to uneconomic land utilization. Cultivation of one hundred and sixty acre homesteads may have suited conditions in the Middle Western states but proved unworkable in most regions of California. A large portion of the San Joaquin Valley in 1860, for example, could be utilized only for grazing or wheat farming. Since large tracts were required for these agricultural pursuits, the land laws impeded the sale of lands in the Valley, which was mostly unoccupied from 1853 to 1865. Nor did the public land system promote the establishment of dense settlements. Newcomers to the state, unacquainted with its terrain, could get little guidance from public authorities. Moreover, the two-season climate proved especially puzzling to the Middle Western farmers who found it difficult to adapt to new crops and new modes of cultivation. Yet no help was forthcoming from State and Federal land offices to help them in the adjustment to their new environment.

The vacuum left by such weaknesses in the governmental land system stimulated Chapman to act. Aware that ownership of land by the few was fostering a widely scattered population, he sought to bring about greater concentration by fostering colonies of small settlers. Certainly he did much, too, to foster better land utilization by publicizing the most desirable locations for new farmers and acquainting them with new techniques of agricultural production. Thus he conducted crop experiments on his own farms and pioneered in the development of irrigation. Chapman's motives were not altruistic for he hoped that close settlement would raise the value of his lands.<sup>6</sup>

Certainly the sparsity of rural population in California about 1871 could not be laid simply at the door of speculators, as Henry George charged. The prices at which Chapman sold to bona fide settlers generally were not exorbitant while the parcels were of such size as to be economically remunerative. In

1868, for example, an 80,000 acre plot was sold to a colony of German farmers, who settled in Fresno County between the Fresno and King Rivers, at an average price of \$1.80 per acre. After improvement, just a decade later, the value of these lands had increased six-fold.<sup>7</sup>

Chapman also made positive efforts to people his vast domains with small farmers. By 1871 the problems generated by concentration of land ownership were widely recognized and attempts were made to overcome them. One effective solution, it was thought, would be the promotion of communities of farmers whose problems of securing capital and of utilizing agricultural techniques suited to California would be solved by union in a colony.<sup>8</sup> Chapman took the initiative in this new movement by underwriting in 1875 the first such colony—the Central Colony. As a businessman he hoped that this venture would raise the value of his neighboring properties. Thus he donated 192 tracts of 20 acres each to the Colony. The plans called for the farmers to grow alfalfa to provide a basis for a cattle industry. Since the possibilities of fruit raising were only beginning to be talked about during this period, Chapman sent an agent to Spain to select the best varieties of muscatel. Of these he imported thousands of cuttings for the use of the settlers in the community. During the first critical years of its existence, he repeatedly extended financial aid to individual settlers, although eventually he was to become embroiled with them in a dispute over water rights.<sup>9</sup>

Chapman pioneered, too, in experiments designed to determine conditions for the most advantageous use of land in California. Few had Chapman's foresight in the 1860s to visualize the agricultural possibilities of desert and grazing lands. On his own

<sup>6</sup> Ben R. Walker, *The Fresno County Blue Book* (Fresno, 1941), 152.

<sup>7</sup> George, *Land and Land Policy*, 25; Winchell, *History of Fresno County*, 104–05, 139.

<sup>8</sup> Virginia Thickens, "Pioneer Agricultural Colonies of Fresno County," *California Historical Society Quarterly*, 25: 17–38.

<sup>9</sup> Winchell, *History of Fresno County*, 135–38; Walker, *Fresno County Blue Book*, 43, 98; Thickens, "Pioneer Agricultural Colonies of Fresno County," *California Historical Society Quarterly*, 25: 17; *Fresno Expositor*, December 8, 15, 1875.

ranch, "Chowchilla," in Fresno County, he was among the first to plant alfalfa extensively for beef cattle. He was among the first, also, to recognize the feasibility of converting "desert" lands into profitable wheat growing acres.<sup>10</sup>

As a matter of fact it was his interest in wheat growing which led him to become one of the initiators of the organized irrigation movement in California. There had been flumes and irrigation ditches since the early days of the Gold Rush but it was not until the late sixties that serious consideration was given to the advantages of commercial irrigation. As early as 1871 Chapman was among the founders of one of the earliest irrigation companies, the Fresno Canal and Irrigation Company, which supplied water mainly to his own lands. More important, in terms of state-wide significance, was his participation in the founding of the San Joaquin & Kings River Canal and Irrigation Company, the largest such project in nineteenth-century California. This enterprise, fathered by Chapman, Friedlaender, Charles Lux, and William C. Ralston of the Bank of California, sought to bring water to the arid lands of the great San Joaquin and Sacramento Valleys in California through an elaborate system of canals. Daring in conception and design, it was in some ways a precursor of the controversial Central Valley Project in contemporary California.<sup>11</sup>

It was partly the expense of this vast undertaking which brought about Chapman's financial ruin. After 1875 he lost most of his lands to the Bank of California, to Miller and Lux, and to the Scottish capitalists who had given him backing. Though continuing his activities in real estate until the end of the century, henceforth his role in

the development of the state was minor.<sup>12</sup>

Yet at the height of his career, he had made some significant contributions to its growth. An entrepreneur in the broadest sense of the word, he had filled a void created by the many imperfections in the systems of land distribution devised by the State and Federal governments. Although the value of his varied activities might be questioned, it cannot be denied that as a middleman he performed some very necessary functions.

The following document,<sup>13</sup> a letter by Chapman explaining and defending his actions as a land speculator in response to attacks made upon him, has a two-fold significance. In the first place it casts doubt on one of the basic assumptions from which Henry George elaborated his general views on political economy—the role of speculation in concentration of land ownership. In addition, it clarifies the role which middlemen played in the distribution of the public lands in California. Thus it serves as a case study for that more general appraisal of the land speculator's role in American history which can be made only after more evidence has been accumulated.

<sup>10</sup> Winchell, *History of Fresno County*, 11; Walker, *Fresno County Blue Book*, 102.

<sup>11</sup> San Joaquin & Kings River Canal and Irrigation Company, *Prospectus* (San Francisco, 1873), and *Report*, 1873 (San Francisco, 1873), 13; Winchell, *History of Fresno County*, 106, 110; Paul E. Vandor, *History of Fresno County* (2 vols., Los Angeles, 1919), 1: 179–80; see also Mary Montgomery and Marion Clawson, *History of Legislation and Policy Formation of the Central Valley Project* (Berkeley, 1946), 3–4; Moses J. Church, "Irrigation in California," mss. in Bancroft Library, University of California.

<sup>12</sup> San Francisco *Call*, May 13, 1887; San Francisco *Directory*, 1881–1906; Edward P. Treadwell, *The Cattle King* (Rev. ed., Boston, 1951), 66–68, 72–73.

<sup>13</sup> San Francisco *Evening Bulletin*, August 31, 1868.

San Francisco,  
August 27, 1868

Editor *Bulletin*. I have noticed several articles in your paper relative to the late entries of large amounts of public land in this State by individuals, which seem to me calculated to mislead. Presuming that your errors are not intentional I venture to correct some of them.

Both the *Bulletin* and *Times* err in assuming that "speculators" have taken, are taking, or can take up such immense tracts of land in California as not to have room for preemptors. They err, also, in believing that any *bona fide* preemptors leave this State because "speculators" have left them no good locations.

The fact is patent to every man who takes

the trouble to examine the township plats in the United States Land Office, or uses his eyes or ears while travelling over the State, that there are now millions of acres of good land (much of it surveyed, but much more unsurveyed) open to settlement by the *bona fide* preemptor.

The agricultural land which has lately been entered by "speculators" is land mostly in the San Joaquin Valley, which has been open to entry by preemptors and others at *one dollar and a quarter per acre in greenbacks*. "Actual settlers" have passed these lands by with contempt for years before they were offered at public sale by Buchanan's administration, in 1859, and ever since that time any man who chose could obtain any portion of these lands by paying the price above named. They afforded no revenue to the United States Government; they did not aid the county or State, for they could not be taxed, being the property of the United States; they were thought to be worthless, for they were during the dry season an apparently barren, worthless plain, without trees, and without water except it was obtained by digging or boring.

I examined these lands and satisfied myself that they were very valuable for wheat raising, but that there had been a fundamental error in the mode of cultivation. I thought where such grass would grow as there grew in winter and withered in summer, wheat would grow. But I thought the wheat ought to have the same time to grow as the grass; that it ought to be sowed just before or at the very commencement of the wet season, that it might grow stout and thick so as to cover the roots completely from the burning rays of the summer sun, when the rain should cease.

I showed my faith by my works; I invested all the money I had in the purchase of these lands, and all I could borrow. I induced moneyed men to join me. What I bought I sold again at a small advance to actual settlers, whom I induced to farm the land according to my notions. Men who bought of me at \$2.50 per acre, payable in one year (with privilege of another year's time, if the crop should fail) have this year harvested a crop which will very nearly ten times over pay back their purchase money. I have entered some hundreds of thousands of acres of this land. I

have sold it as fast as I could at reasonable prices to actual settlers, who have been induced by me to settle on it; others, seeing what I was doing, and having thus their attention directed to these lands, have pursued a similar course, the public mind has become excited on the subject, and settlement and cultivation have progressed in the San Joaquin Valley at a ten-fold greater rate than if there had been no "speculation" in the matter. Scores of thousands of bushels of wheat have been raised in that region this year, and hundreds of thousands will be during the coming season, over and above what would have been carried out through the Golden Gate, had no "speculator" seen the capacity of that region for wheat raising, and by circulation of documents, and by all other available means directed the attention of farmers to the land in question.

Men value little what costs them little or nothing. The air we breathe, and the water we can get for the drawing, are esteemed of little value. It is only when in the Black Hole of Calcutta, or the steerage of a steamer, that men would pray for pure air. It is only when the agent of the Spring Valley Water Company comes round for his monthly rate, that we appreciate water. Just so, as long as the land in the San Joaquin Valley could be had for the asking, nobody wanted it. When one man was seen seizing portions of it as desirable, others thought it must be, and followed suit. The result has been an unparalleled influx of farmers, an unparalleled increase of the wheat crop in that region, and better prospects still for the coming season. Under these circumstances, I think you err in charging those who have entered a few hundred thousand acres of Government land (for nine years going begging for a purchaser), with ruining the agricultural prospects of the State by holding lands at an enormous rate, and thus repelling immigration.

This land is not of the kind which invites the class of settlers who usually enter land by preemption. It is better calculated to be cultivated in larger tracts at present, than in farms of 160 acres each. It has no purling brooks, no grassy vales, no shady groves, no undulating surface. It is calculated, at present, for *making money* by raising wheat on a large scale, by men who can use six or eight mule-

team with gang-plow and seed sower. To such men it gives now better profits than any mercantile or manufacturing business in the State. When once occupied by such men, and to a certain extent exhausted for wheat raising, it will be subdivided into small farms and vineyards. The style of farming now profitable there is simply the precursor of a cultivation that will support a denser population hereafter, but which is not now pleasant or profitable in that locality. So I claim that the speculation in these lands so loudly complained of, is leading to their actual cultivation, and is a benefit to the State rather than a curse.

And I will give an illustration of the fact that the preemption laws of the United States are not calculated to induce settlement of this region—the reason being that farmers will not go upon this land to cultivate only 160 acres. Township 12 south, in range 18 east, is open to preemption settlement only, and is the best township in the neighborhood. It would sell in large tracts to farmers for actually raising wheat for \$3 per acre in coin. Yet there is not a settler upon it (although preemptors can buy 160 acres each in it for \$1.25 per acre in greenbacks), while the adjoining ownerships on the north, west, and northwest are already purchased by “speculators,” and by them mostly sold out to men who are already commencing farming operations in all parts of the tract.

I do not object to being called a “speculator,” if I am not charged with injury to my adopted State. It is my business to buy whatever I think I can speedily sell at an advance; to sell whatever I have so purchased, when I could get a reasonable advance; I would have been glad if those who came here “at an early day” had left vacant for me a 50 vara lot on Montgomery Street [downtown San Francisco], to be bought at United States prices under the town site laws. I would have been contented with a few of the lots on Market or other busy streets, not yet built upon or put to profitable use. But I do not denounce those as “speculators” who bought 50 vara lots at \$12.50, and still hold them, without improvements, even; still less if they have covered them with store buildings.

Nor do I think that we (I take your denunciation to myself, because I have entered more

public land than any other man in the State) are to be denounced because we buy land at the price at which it is offered us, and sell it at rates which the very first crop will many-fold repay. We procure land by lawful means, if those means ought not to be placed within our reach, why were not the laws denounced while before Congress as bills? Why not denounced after their passage, so as to secure their repeal? They have been a quarter of a century in existence; has any California paper ever denounced them . . . ?

The fact that we “speculators” have ourselves profited by these efforts of ours to induce settlement upon and cultivation of these lands, only shows that our interests and those of the State are identical; that California editors will better help the State by calling the attention of farmers to these lands and their capabilities, as well as the fact that one crop will many times repay the present price of most of them—than by broadly asserting (which certainly is not correct), that immigrant farmers are turning back from the State because they cannot find good lands subject to preemption entry.

It is undoubtedly true, that the choice lands of the State, on railroads or rivers, cannot be purchased now at \$1.25 per acre in greenbacks. Neither can lots on Montgomery Street be now bought at \$12.50 per 50 vara. In no State of the Union is fertile land, with settlers, schools and churches all about, to be bought at a dollar and a quarter per acre. He who wishes to secure the best land in any State or territory as a preemptor, must be a pioneer, set his stakes, and wait for civilization to come to him. California is no exception to this rule. It has been nearly twenty years a State; has been settled by whites I know not how many years before the gold discovery. Of course its choicest locations are no longer Government lands. Yet such is the immense area and sparse population, that any one who really desires a farm can find “ample room and verge enough,” can settle as a preemptor on as good land as there is in the world, choosing from millions of acres; or he can buy land already in private hands at rates as reasonable as the Government preemption rates, considering the comparative advantage of location. . . .

S/WILLIAM S. CHAPMAN