

Land Speculation in Fresno County: 1860-1891

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In 1863, Henry Miller filed patents for thousands of acres of unsurveyed “swamplands” in the San Joaquin Valley. The State of California had classified them as swamplands even though no state official had ever examined them; instead the state relied on eyewitness testimony by several land officers that Miller had been all over the area in a boat. As Miller later confided to a biographer, that boat had been strapped to a wagon.¹ Though probably apocryphal, this story illustrates the lengths that wealthy buyers were willing to go to secure cheap land. The purchase of swampland, which sold for half the value of ordinary farmland, became a popular ruse for land speculators to claim vast tracts of public land at bargain prices. William S. Chapman, a San Francisco real estate agent who for a period in the 1870s would become the largest landholder in the State of California, purchased 98,478 acres of “swampland” alone.² Speculators like Miller and Chapman were one of the reasons that relatively little of California’s best lands were open to homesteading or preemption by ordinary settlers, and why growth in the state proved so disappointing between 1870 and 1900.

Immigrants arriving in California in the late nineteenth century moved to the cities in disproportionate numbers while rural counties languished. As early as 1860, just ten years after statehood, more than one fifth of Californians lived in communities of 2,500 or more (In comparison, only one percent of Ohio residents lived in towns after ten years of statehood; in Illinois there were no communities that large).³ During the 1870s and 1880s, eight of the eleven western states grew faster than California.⁴ For a state that had seen such promising economic and social development during the mid nineteenth century, stagnation was a harsh blow. Disillusioned boosters and farmers alike saw the monopolization of land ownership as the single biggest factor in retarding California’s growth.

This study will examine patterns of land ownership and development in Fresno County from 1860 through 1891 to examine how land monopolization affected Fresno’s expansion. This county, which included modern-day Madera County, was located in the rich agricultural belt of the San Joaquin Valley at the heart of the monopolization controversy. When the railroad was built in 1872, the San Joaquin Valley’s thirteen largest landowners each claimed an average of 2,238,464 acres; less than one percent of San Joaquin landowners held almost twenty-five percent of the taxable property.⁵ As the largest county at the time in the San Joaquin Valley, Fresno felt the full effect of this concentration of property. Like much of inland California, Fresno experienced little population growth in the years following its creation in 1856. According to the national census taken in

1860, just 4,605 people lived in Fresno; 3,294 of whom were identified as Indians, and less than a thousand were white.⁶ Not until 1868 did land sales suddenly surge spurred in large measure by rumors that the Southern Pacific Railroad would be building a line through Fresno. The railroad was built in 1872, but for the next decade, settlement and population growth lagged behind the volume of land sales. As late as 1890, more than a third of the county’s population lived in the city of Fresno, while vast tracts of unsettled land lay to the north.⁷ The effects of the initial monopolization of land more than twenty years earlier still shaped the human geography of the county.

Land speculators or, as the *San Francisco Chronicle* referred to them, “remorseless land pirates,” were the primary culprits in this monopolization.⁸ By taking advantage of lax land laws and corruption within the state administration, private individuals could lay claim to hundreds of thousands of acres of the most arable real estate. Instead of developing these lands into functioning farms, speculators let the land lie untouched, betting that the value of the land would rise in coming years. They thought the land could be resold at a high profit with minimal effort. As Henry George famously argued, unimproved land went virtually untaxed by the government, leaving speculators with little incentive to sell their land quickly. For example, owners of the state’s 5,000,000 acres of developed land in the 1880s paid eight or ten times the taxes paid by those who owned the 21,000,000 acres of undeveloped land.⁹ Resentment against these speculators, and the system that had created them, ran high. In 1876, the *San Francisco Chronicle* published the following indictment:

There never has been a State on the continent in which the land laws were so well devised for monopoly and so directly against settlement and production... where it has been as difficult as here for men of small means to obtain a clear title, at a reasonable cost, to a homestead and farm; nor a State or country on the globe where monopolists and land sharks have found it as easy as in this State of ours to secure their thousands and tens of thousands of acres for little or nothing.¹⁰

The government, under pressure from angry homesteaders, passed laws restricting the amount of land that could be purchased by one individual, and tried to curb the use of military scrip.¹¹

In protest, William S. Chapman wrote a letter in July of 1876 to the San Francisco based *Evening Bulletin*. In it he claims that the

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speculators of the San Joaquin Valley, where the best agricultural lands could be found, had merely purchased land that nobody else wanted, and then developed it to make it more attractive to homesteaders. He writes, "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... 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."¹² This debate over the impact that land speculation and the resulting monopolization of property had on the development of California would shape land policy, settlement, and growth for years to come.

In the past fifty years, historians have concluded that land speculation did indeed have a significant effect on the settlement of California, but there is no general consensus among historians as to that effect. Paul Gates, a prominent scholar of public land law, argued that development in California pitted wealthy speculators against poor and disorganized homesteaders, in which the speculators emerged victorious at the expense of state growth. He focused on how laws pushed through by wealthy lobbyists were designed to discourage small farmers in favor of large landholdings. More recently, Donald Pisani, a professor of the American West at the University of Oklahoma, has called for a closer focus on how land monopolists used riparian water rights to drive small farms out of business. Both of these historians agree that speculation consolidated the power of the wealthy and created a permanent inequality in the distribution of land. Pisani explicitly links the lack of agricultural development with land monopoly, writing, "the baneful effects of concentrated, nonresident ownership were painfully obvious in the almost complete absence of a rural society and stable rural communities."¹³ Both create a narrative that pits the rich against the poor, and this is true, in part. But many of the speculators went bankrupt, and equally rich men sometimes opposed them. The Southern Pacific Railroad, for example, wanted these vast holdings broken up so that immigration would generate traffic.

There are other, more conservative stances in this ongoing debate. Gerald Nash, a professor of history at the University of New Mexico argued for an interpretation of the land speculator as a necessary middleman, irrigating farmland to make it more attractive to settlers, publicizing the most desirable locations, and introducing eastern farmers to techniques of agricultural production better suited to a western climate. Khaled Bloom, an independent scholar and historian of California, focused specifically on the San Joaquin Valley. He found that speculation created an initial inequality that was gradually dispersed as speculators sold off their lands. Yet none of these interpretations offer verifiable data that links land speculation to the actual process of development in California's rural interior.

To measure the role of land speculation in concrete terms, this study uses tools of spatial analysis to explore the human geography of Fresno. The study relies on a county atlas created in 1891 by Thomas Thompson, hereinafter referred to as the "1891 atlas."

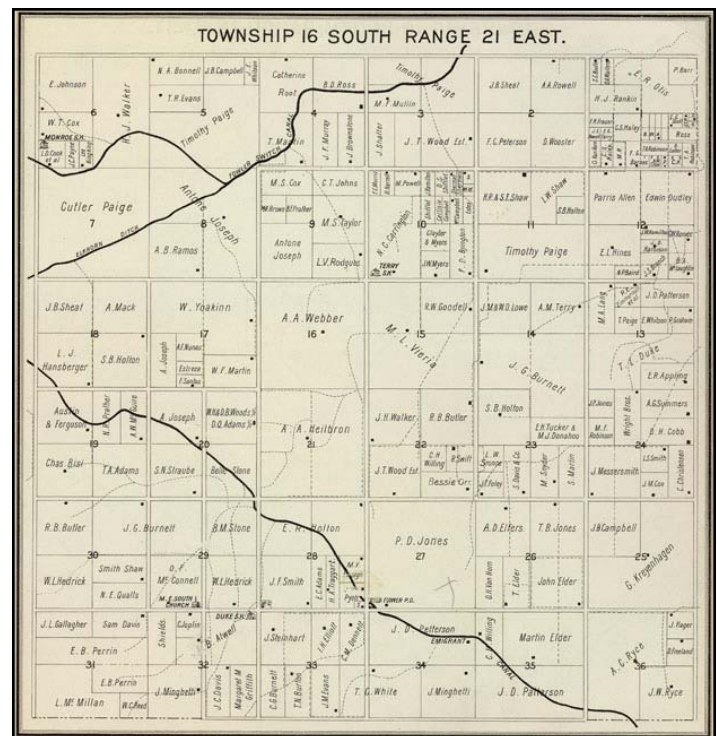


Figure 1 | A page from the 1891 Atlas.

The 1891 atlas notes every landholder in Fresno County, as well as schools, post offices, land colonies, and canals: ideal markers to measure community growth in Fresno. The maps are restricted, however, in that they offer only a snapshot of Fresno some thirty years after the county's creation. To get a clearer picture of Fresno in the 1860s, landownership in 1891 will be compared with the database of land patents filed with the state of California, using ArcGIS to locate them in the context of the map. To measure how patterns of landholding shifted in subsequent sales, land records from 1860 to 1875 obtained from the Fresno Hall of Records will be analyzed. By tracing the land owned by the twenty largest property holders in Fresno through 1875, and then comparing those patterns and the patterns of development in the 1891 atlas, the impact of land speculation can be explored more precisely within the geography of Fresno.

William Chapman argued that the speculator acted as a middleman between state and settler. To test that hypothesis, this study uses the land records filed in Fresno between 1860 and 1875 to track the actual purchasers of these lands. Within Fresno County at least, the majority of sales and purchases by the twenty largest landholders were to other wealthy businessmen. Fifteen of the twenty had documented transactions to one another (see Figure 2), and for several of these landowners these transactions comprised the bulk of their sales. Rather than the trickle-down effect proposed by Chapman, the majority of the sales of these properties were to the original speculators.

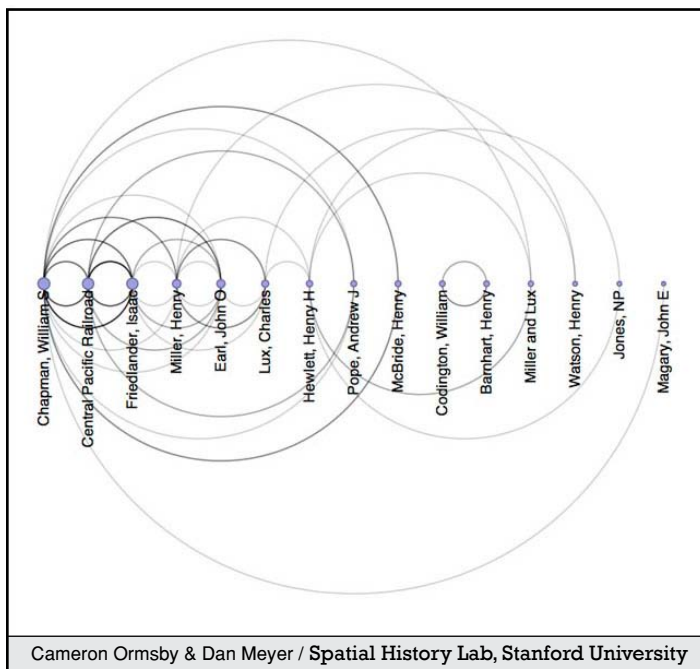


Figure 2 | Land Sales Between Speculators, 1860-1875.

In Figure 2 each transaction between two individuals is illustrated by a line. The darker the line connecting two individuals shows a closer connection among their real estate holdings. A full circle shows that the two individuals bought and sold from each other, while a single arch such as that connecting William Chapman to John Magary shows that Chapman sold to Magary, but did not purchase property from him. Figure 2 illustrates the extent to which the top level of land ownership in Fresno remained a tightly interwoven network.

In addition to these sales between the first generation of speculators, many other sales were going to a second generation of speculators, who had arrived later to the game. The following table, Figure 3, shows the percentage of the total sales made to each of the two groups. The first generation is the original group of the twenty largest land holders; the second generation is the twenty-five largest purchasers of land between 1860 and 1875. (Unlike the first group, which bought their land from the State of California, the second group of speculators bought land from individuals.)

Although the total percentage of sales that were going to the county's largest speculators varied widely, in every case at least 25% and as much as 100% of the properties were being passed to another speculator, rather than the small farmers that these men ostensibly supported. The end result was a system that kept the lands in the center of the San Joaquin Valley, closest to the railroad, undeveloped. As genuine settlers arrived in Fresno, they were pushed to the edges of the County, and decades later, those patterns of settlement remained in place.

The online interactive map (available at <http://www.stanford.edu/group/spatialhistory/cgi-bin/site/pub.php?id=67>) shows these patterns of settlement and development.

Seller	Total Number of Sales	Number to 1st Generation Speculators	Number to 2nd Generation Speculators	Percentage to 1st Gen	Percentage to 2nd Gen	Total Percent
Barnhart, Henry	11	3	1	27%	9%	36%
Central Pacific Railroad	56	19	16	34%	29%	63%
William Chapman	243	17	53	7%	22%	29%
William Codrington	6	2	2	33%	33%	66%
John Earl	7	6	0	86%	0%	86%
Isaac Friedlander	67	15	27	22%	40%	62%
Henry Hewlett	8	2	4	25%	50%	75%
NP Jones	4	1	0	25%	0%	25%
Charles Lux	51	7	10	14%	20%	34%
John Magary	11	1	3	9%	27%	36%
Henry McBride	15	3	12	20%	80%	100%
Miller & Lux	9	2	1	22%	11%	33%
Henry Miller	58	8	15	14%	26%	40%
Andrew Pope	4	3	0	75%	0%	75%

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Figure 3 | Total Sales of Land Speculators, 1860-1875.

Figure 4 | Land Development of Fresno County, 1891 What was the impact of land speculation on the geography of Fresno?

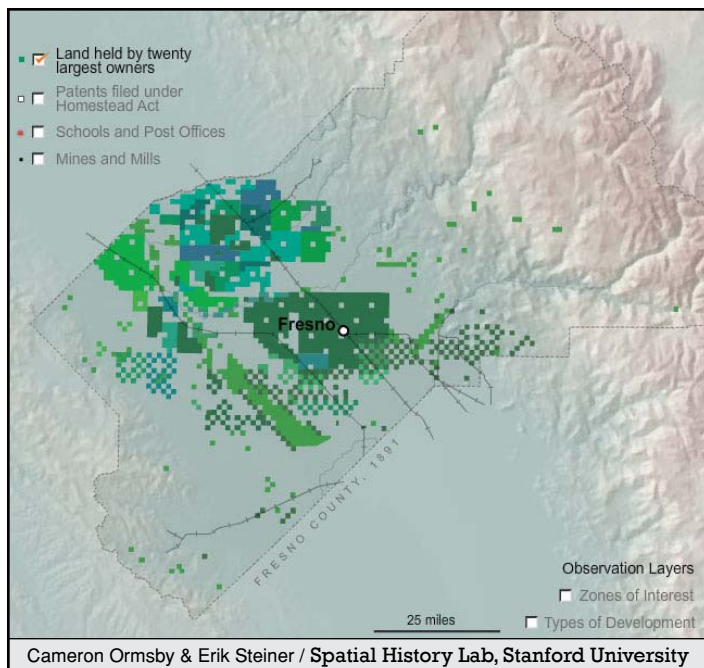


Figure 4.1 | The layer showing the twenty largest land holders in 1868 illustrates the extent to which speculators controlled the center of the valley.¹⁴ Between 1860 and 1891 the land patents filed by these twenty individuals and companies accounted for 41% of all patents filed. They bought land primarily along the railroad, and held on to it, waiting for land prices to rise.

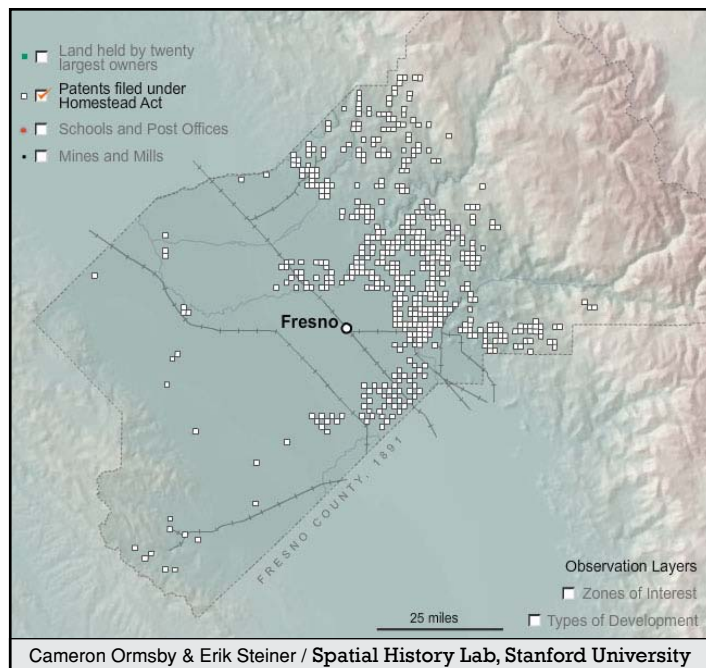


Figure 4.2 | In contrast, the second layer shows where homesteaders who filed patents under the Homestead Act settled. Having been beaten to the best lands, they were pushed outwards, further from the rails and up into the foothills.

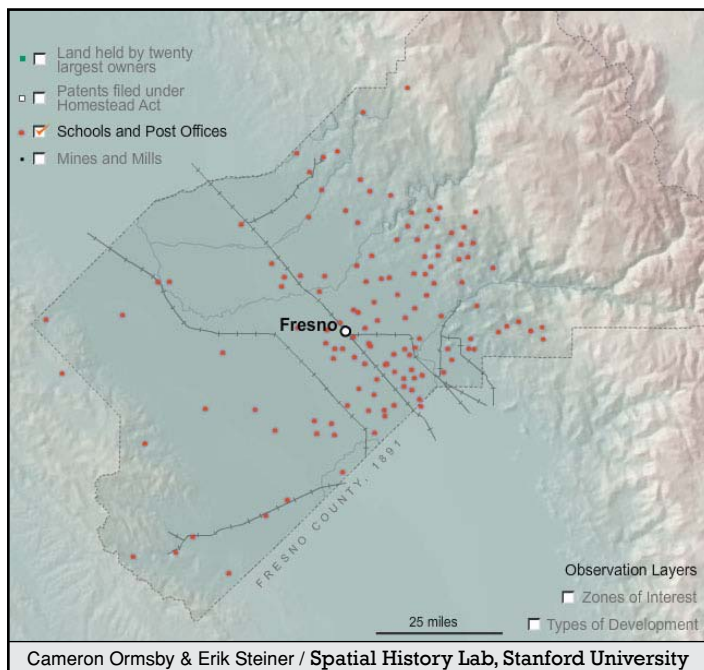


Figure 4.3 | The third layer shows schools and post offices, common markers of community development because both schools and post offices are indicators of a stable population. The locations are taken from the 1891 county atlas and show where permanent settlement has taken root. Seen in conjunction with the other two layers, these markers reveal a positive correlation between community development and homesteaders as well as a negative correlation between community development and land speculators. The exception appears to be the area in and around the city of Fresno, which will be discussed later at greater length.

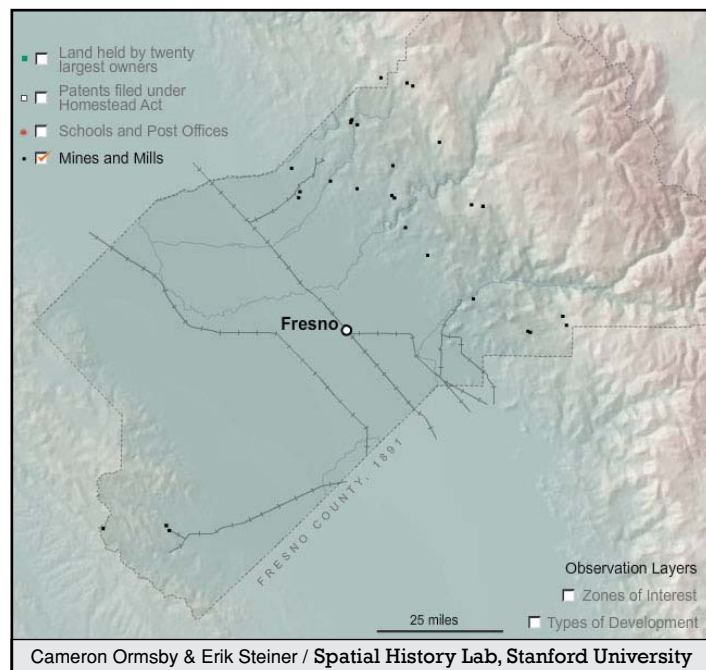


Figure 4.4 | The final layer shows the location of mines and timber mills in the area. Both the mining and logging industries employed predominantly men and display only a limited correlation to permanent settlement and community development.

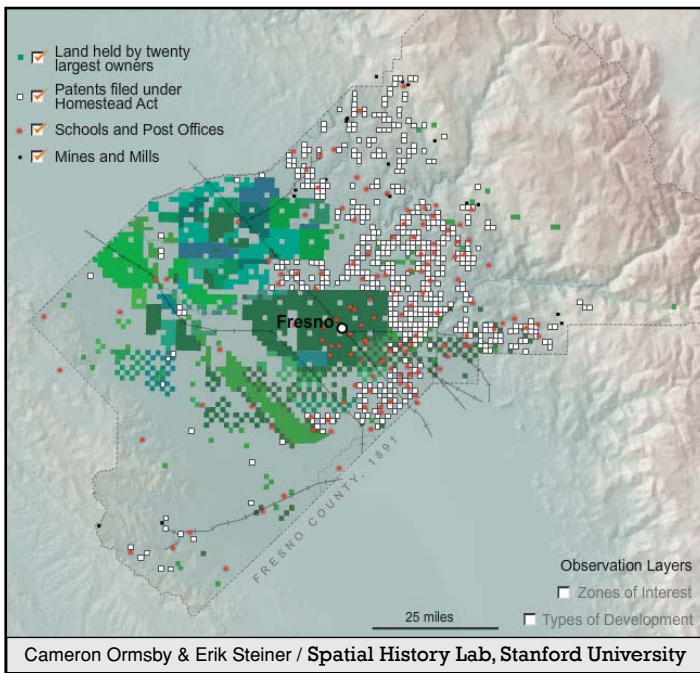


Figure 4.5 | With all of these layers activated, one can compare types of development. Again, the strongest contrast is between the lands originally held by speculators and land that has been homesteaded.

By organizing markers such as schools and post offices into zones, different patterns of development can be seen. Looking at ‘Zones of Interest’ on the map, areas with permanent settlement can be divided into four categories. The first, Zone One is in and around the town of Fresno. By 1890, Fresno was the only town in Fresno County that had more than 2,500 people.¹⁵ The 1890 census reveals that of the 32,026 people living in the County of Fresno, 10,818 lived in Fresno proper. This concentration of people would necessarily create a denser grouping of schools and post offices. The fact that almost a third of the county residents could be found in one city points to a county where extensive homesteading has not taken root. This assumption is borne out by the gender distribution within the county; with 20,129 men to 11,897 women, Fresno was overwhelmingly male.¹⁶ Unlike farming families, where the gender ratio was roughly even, both mining and logging employed predominantly men. This inequality hints that mining and logging played a much larger role in 1890 than the farms which would eventually dominate Fresno’s economy.

The second significant center of development is in Zone Two, near the border of Tulare County. This area corresponds closely to part of the land given to the Central Pacific Railroad under the railroad grant, and reveals significant homesteading. Here development of Fresno County seems to have gone according to plan. Zone Three shows the most extensive development, despite the area being far from the railroads and more mountainous than the center of the valley. This phenomenon seems to be in part an artifact of land monopolization pushing farmers away from the railroads. The farmers, seeking homestead land elsewhere, settled further north in less desirable areas. Zone 4, close to

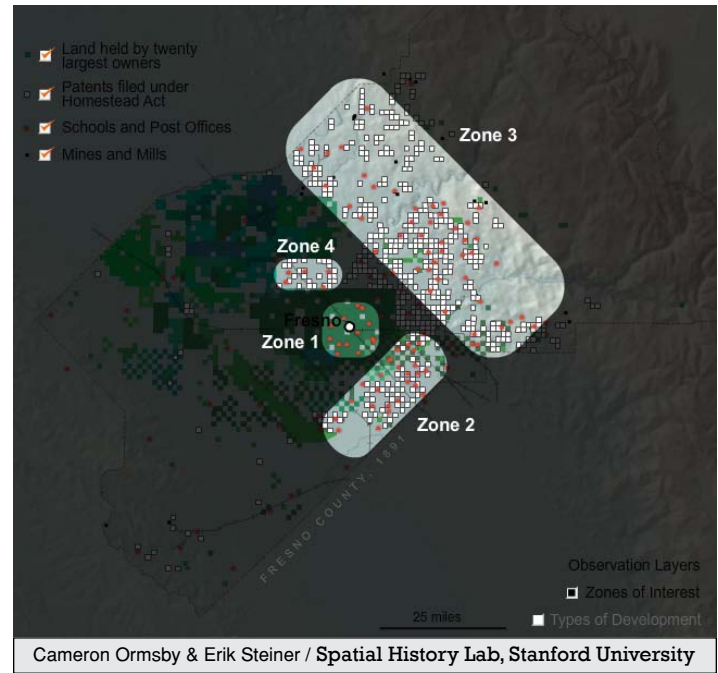


Figure 4.6 | Zones of Interest.

the railroad and in the most arable part of Fresno, shows how development might have proceeded in the absence of speculators. Zone 4 is unique because it is comprised of two townships that were held under a contested Mexican land grant. In 1868, when the speculators came through, the ownership of the land was still in dispute in the courts of California. As a result, speculators were effectively barred from investing in that territory. When the land grant was finally overturned, homesteaders were able to move in to Zone 4. Twenty years later, Zone 4 is still an island of development in an otherwise empty region. Clearly land speculation had a significant impact on the initial distribution of the population in Fresno County that still lingered two decades later.

At least in Fresno County, land speculators’ claims that they facilitated growth by acting as the middlemen between the state and the small farmer were largely groundless. A large percentage of their sales were to one another. As a result land remained in large parcels held by speculators who showed little interest in farming the land. Although some speculators, notably William Chapman, dabbled in developing their holdings through irrigation and the creation of land colonies, the ultimate impact of land speculation overwhelmingly slowed development. As late as 1891, growth in Fresno County was centered around land that had been patented under the Homestead Act some thirty years earlier. As Paul Gates and Donald Pisani argued, the land acquired by speculators experienced little if any development. We cannot, however, assume that speculators grew rich at the expense of the poor. Land speculation often proved as unprofitable to the rich as to the poor. Like the decision to homestead a small farm in one of the dry plains of California, there was inherent risk

in betting that land prices would rise. Many investors found themselves dangerously overextended when years passed without a significant change in value. Isaac Friedlander and William Chapman both went spectacularly bankrupt in the mid-1870s. Following the failure of the Bank of California, William Ralston committed suicide. Land speculation, with its immediate casualties and long-term effects, must also be seen in the context of this culture of risk.

Online Version of the paper is available at <http://www.stanford.edu/group/spatialhistory/cgi-bin/site/pub.php?id=67>.

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4. *Ibid*, 24-25.
5. Igler, David. *Industrial Cowboys: Miller & Lux and the Transformation of the Far West: 1850-1920*. Berkeley: University of California Press, 2001. 61-3.
6. "1860 Census: Fresno, California." www.nhgis.org (last accessed 8/12/2010).
7. "1860 Census: Fresno, California." www.nhgis.org (last accessed 8/12/2010).
8. *San Francisco Chronicle*, 10 May 1877.
9. Pisani, 22.
10. *San Francisco Chronicle*, 28 March 1876.
11. Military scrip was given to soldiers who had participated in the War of 1812 or the Civil War, and entitled them to a certain amount of land for free. Many soldiers who had no interest in being farmers sold their scrip for as little as half the price the state charged for land.
12. *San Francisco Evening Bulletin*, August 31, 1868.
13. Pisani, 18.
14. Including the State of California which has been excluded from analysis as a separate case altogether.
15. "1890 Census: Fresno, California." www.nhgis.org (last accessed 8/12/2010).