

The Value of Land

Economists say that three things are needed to produce goods: resources, labor, and capital (or money). In the late 1700s, the country had growing numbers of people to supply labor. However, it had little capital. It also had shrinking amounts of a vital resource—land.

In the 1700s, towns on the Atlantic coast were becoming crowded. As children became adults, family farms were divided among them. Over time, farms became smaller and smaller. If the trend continued, farms would become too small. They would not be able to produce enough food to support a family. The need for land was great because the economy was based on farming.

Vast stretches of new land were available just beyond the Appalachian Mountains. In the region north of the Ohio River, called the Northwest Territory, much of the land was rich and fertile—ideal for farming. This territory now forms the states of Ohio, Indiana, Michigan, Illinois, Wisconsin, and part of Minnesota.

The government wanted to make sure that the land was settled in an orderly way. After all, if people simply grabbed whatever they wanted, fights could break out. The Northwest Territory might have become a center of violent conflict rather than peaceful settlement.

The Land Ordinance of 1785 created an orderly system for settling that land. The question remained, how would the land be sold? If the parcel sizes were too large, ordinary people could not

afford them. Only the wealthy or land speculators could buy the land. Then they would be able to divide the land up into smaller lots and sell those plots at huge profits.

The ordinance divided the territory into townships, each of which was six miles by six miles. (See the diagram below.) Each township was then divided into 36 lots, or sections. Every lot was one mile by one mile, or 640 acres. The government sold each lot for at least \$1 per acre. In the following years, the government sold even smaller lots of land so that more people could afford to buy property. And, the ordinance set aside one section in each township for public education.

Because of the Land Ordinance of 1785, common people had a chance to buy land in the Northwest Territory. And it made sure that the process of settling these lands was well-organized and free of conflict. For these reasons, it was one of the most important acts of Congress in the early years of independence.

Activity

Research land issues in your area today. Are people worried about overcrowding and overdevelopment? Is the lack of development more of a concern? What steps is your local government taking to solve these land issues? Prepare a brief report that outlines the problems and solutions being attempted. Include your own view of how workable these solutions are.

1. SECTIONS OF A TOWNSHIP

6	5	4	3	2	1
7	8	9	10	11	12
18	17	16	15	14	13
19	20	21	22	23	24
30	29	28	27	26	25
31	32	33	34	35	36

2. SUBDIVISIONS OF A SECTION

