



ECONOMIC
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The plan for today:

1. Intro and overview
1. Real estate history
2. Why the forecast will prove correct
3. The link to commodities



Note the following series of years:

2001/2	1991	1982	1974
1961 (1955)	1949	1937	1932
1921 (1913)	1907	1897	1893
1884	1873	1866	1857
1847	1836/7	1825	1819

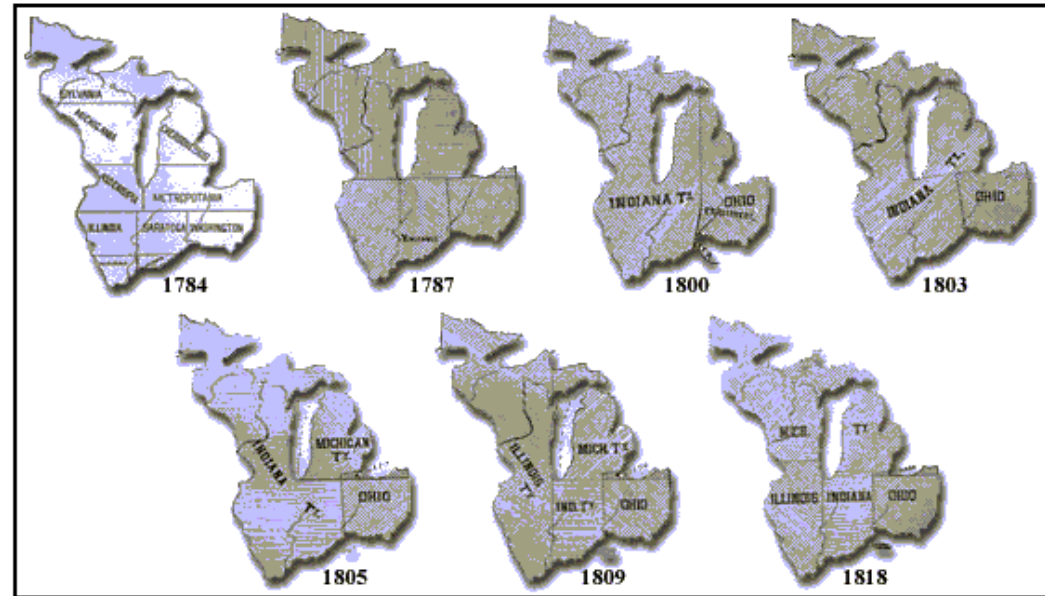
- Real estate: The US movement inwards



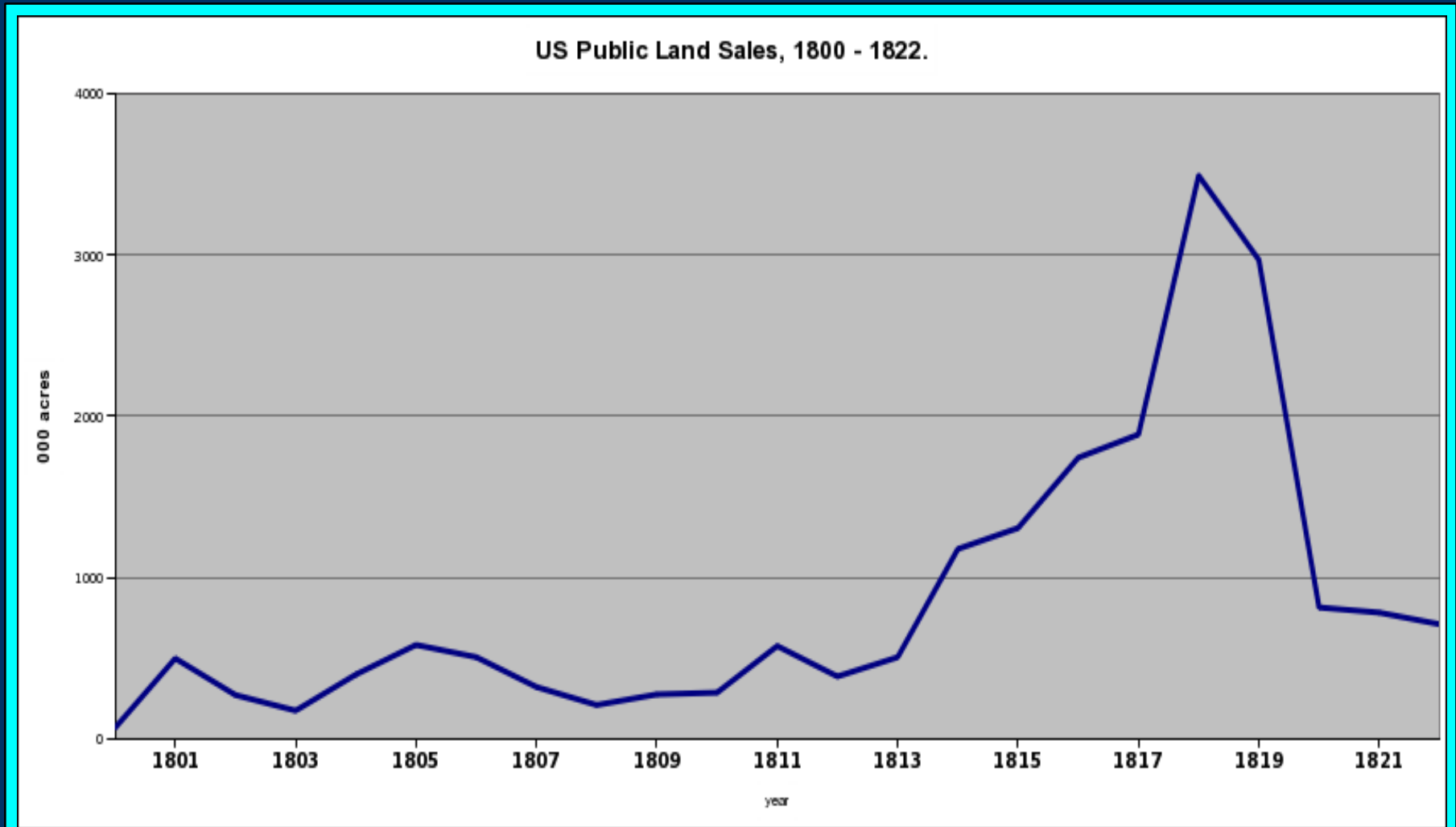
How the public domain took shape.

map available at

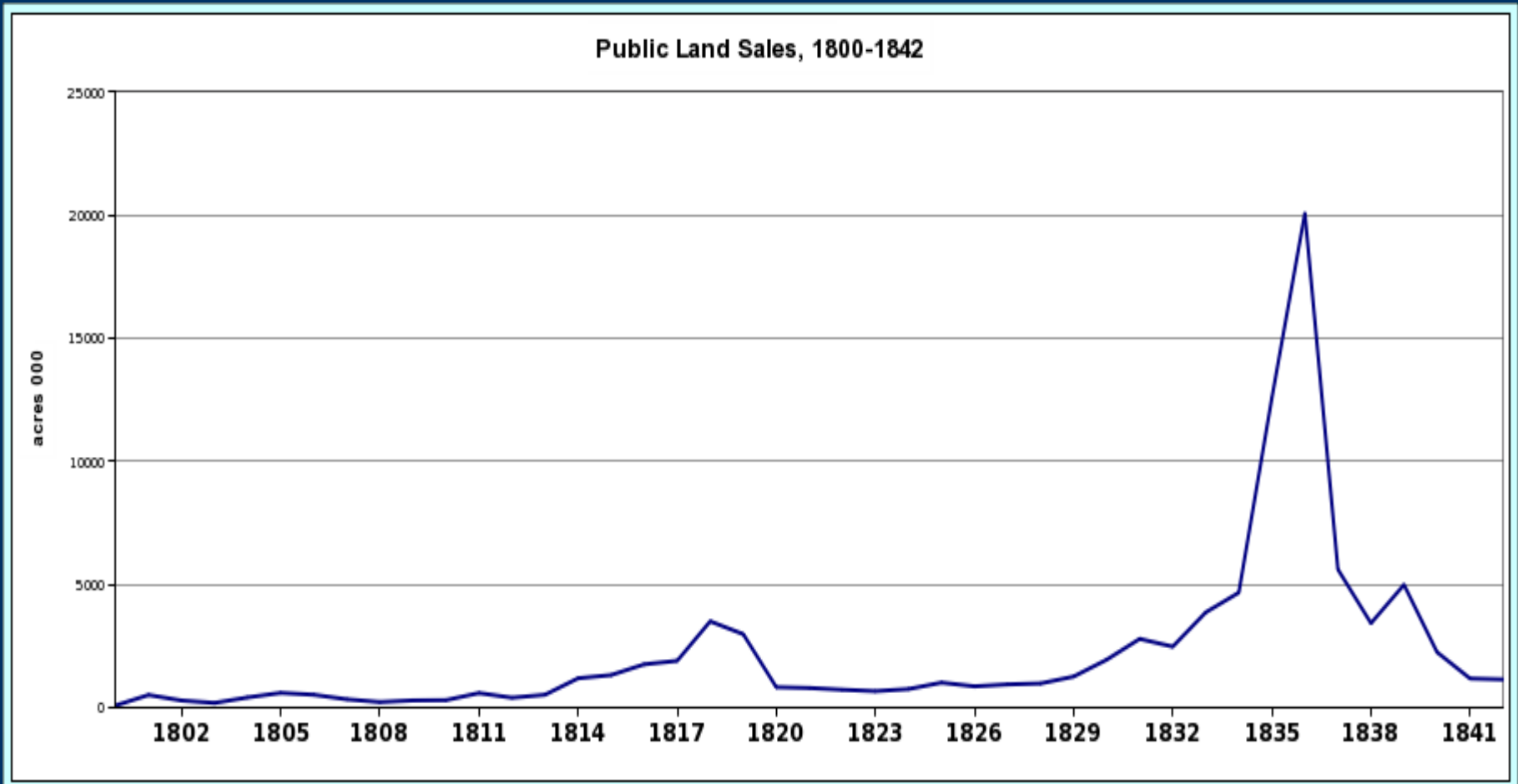
<http://memory.loc.gov/ammem/umhtml/unessay5.html>



- Real estate: 1810's land speculation, then downturn



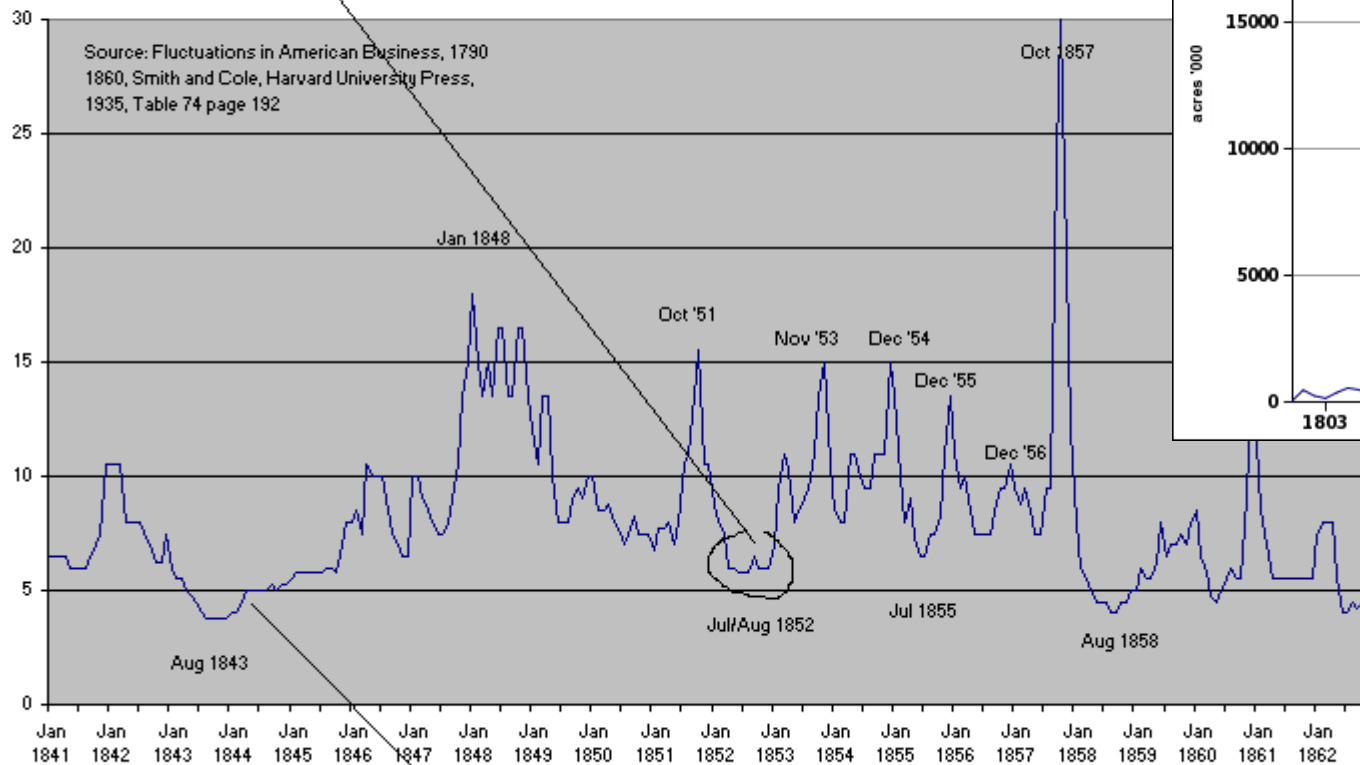
- Real estate: 1830's land speculation, then downturn



- Real estate: 1850's land speculation, then downturn

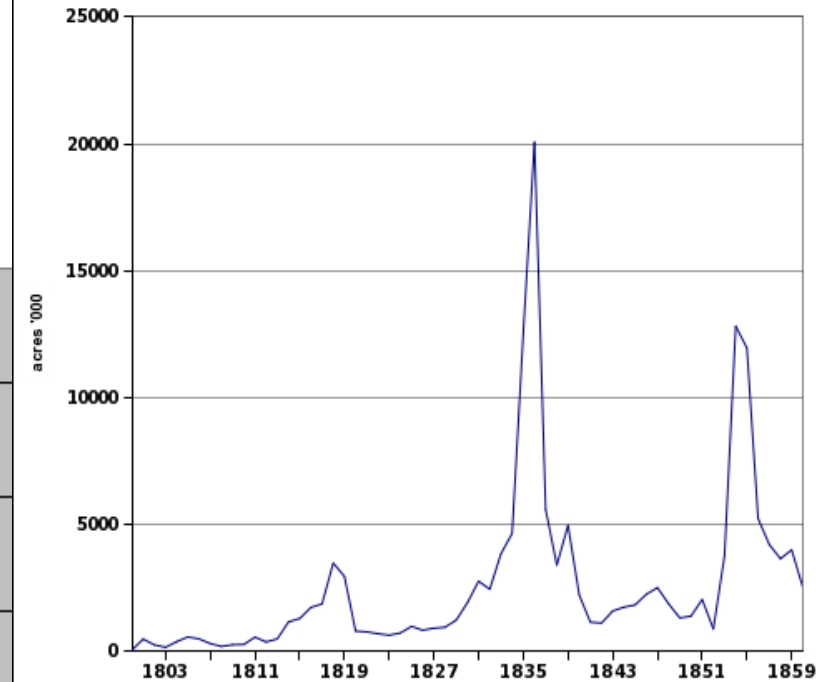
Very low interest rates, brought about by the California gold strike that vastly expanded the banks supply of specie, enabled the banks to expand their loans, their credit base, and hence their profitability, at least in the short run. Leads to an explosion in land speculation.

Discount Rate, New York City, monthly average 1841-1862

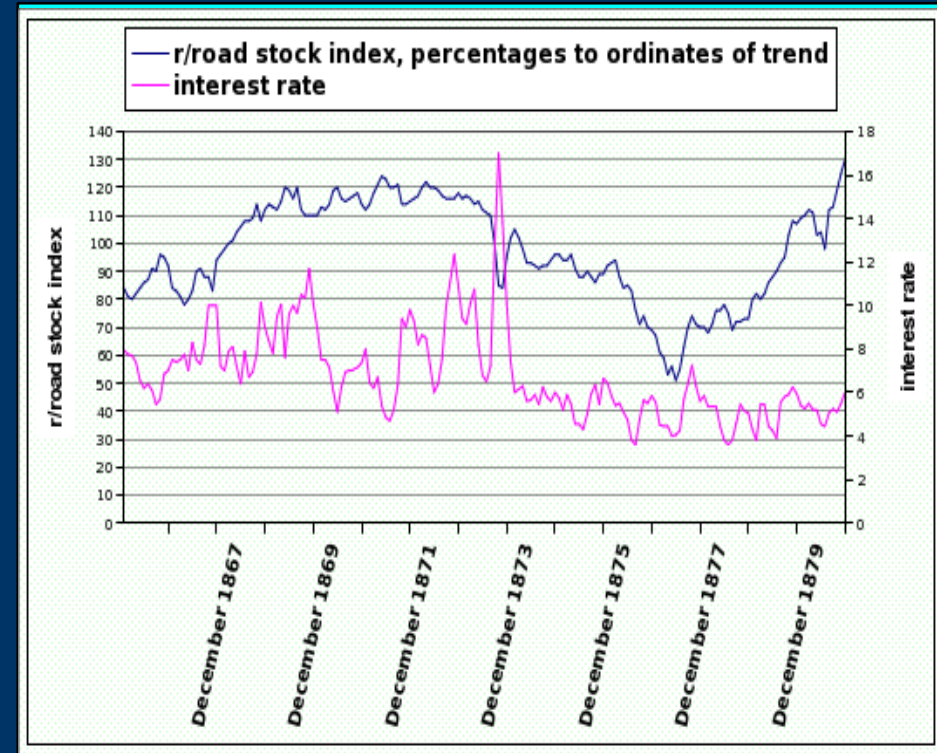
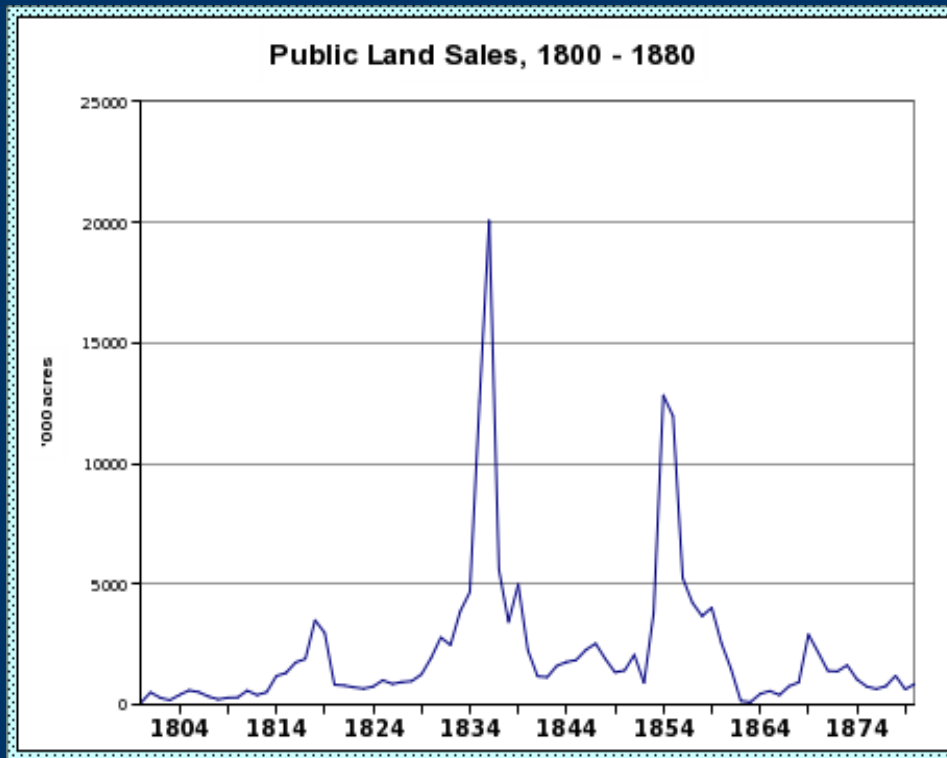


Low rates here helped fuel the rapid rise in rail stock prices in this year and the next.

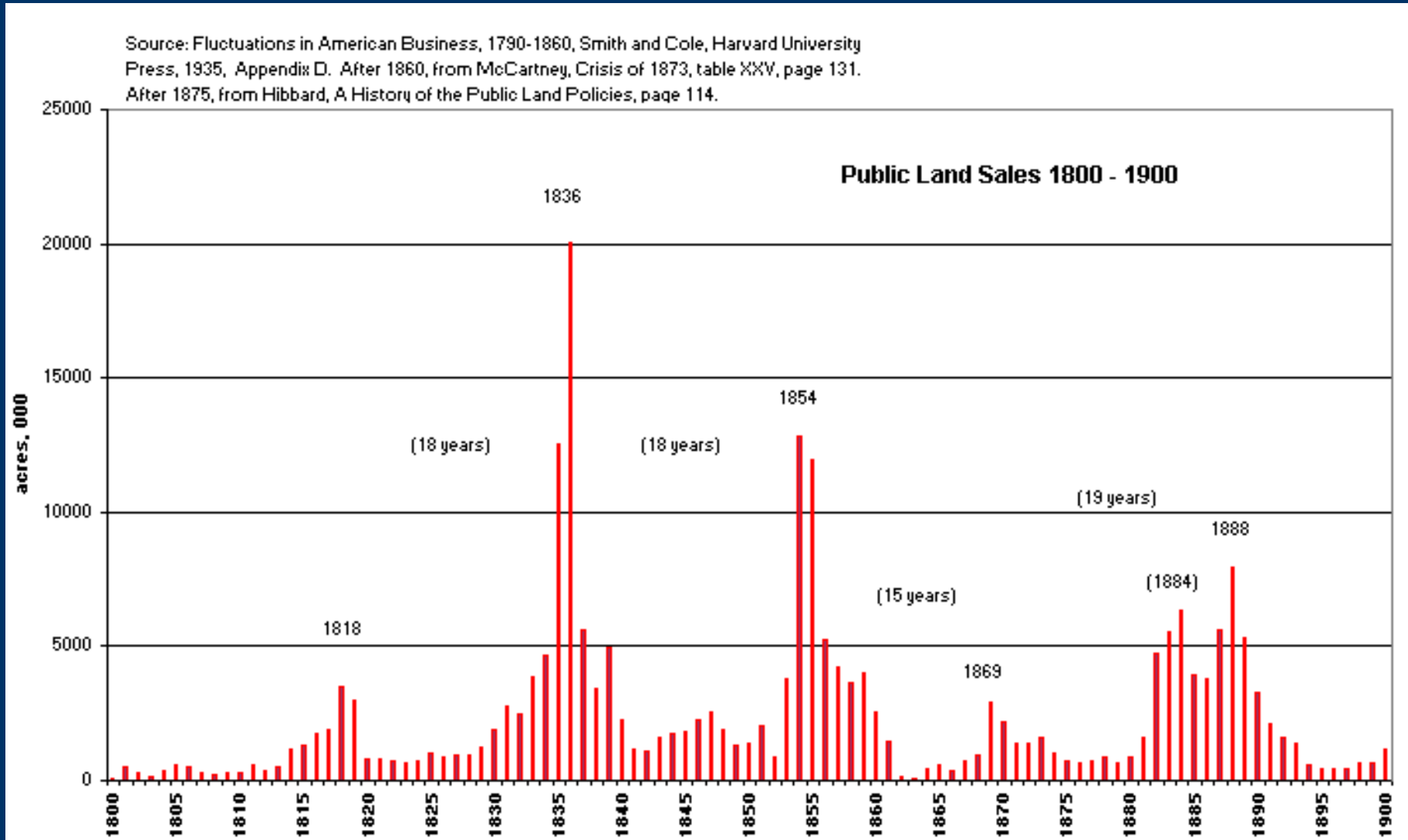
Public Land Sales 1800 - 1860



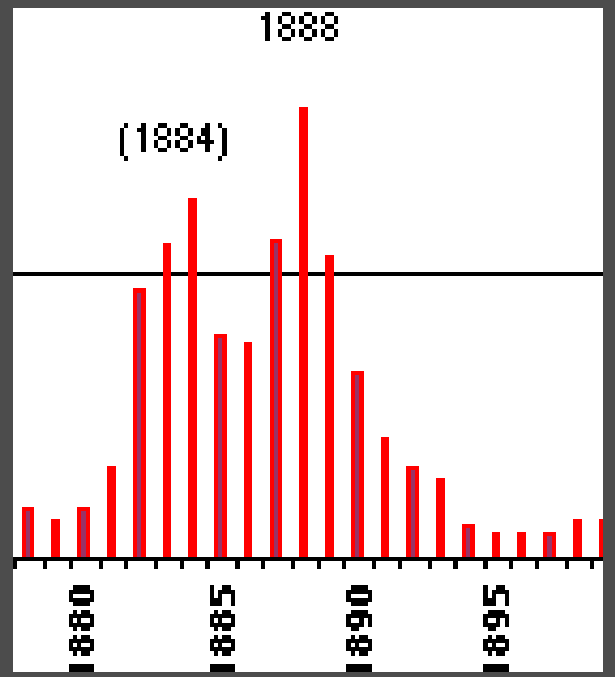
- Real estate speculation into the 1873 downturn



• US Real estate speculation into the 1893 downturn

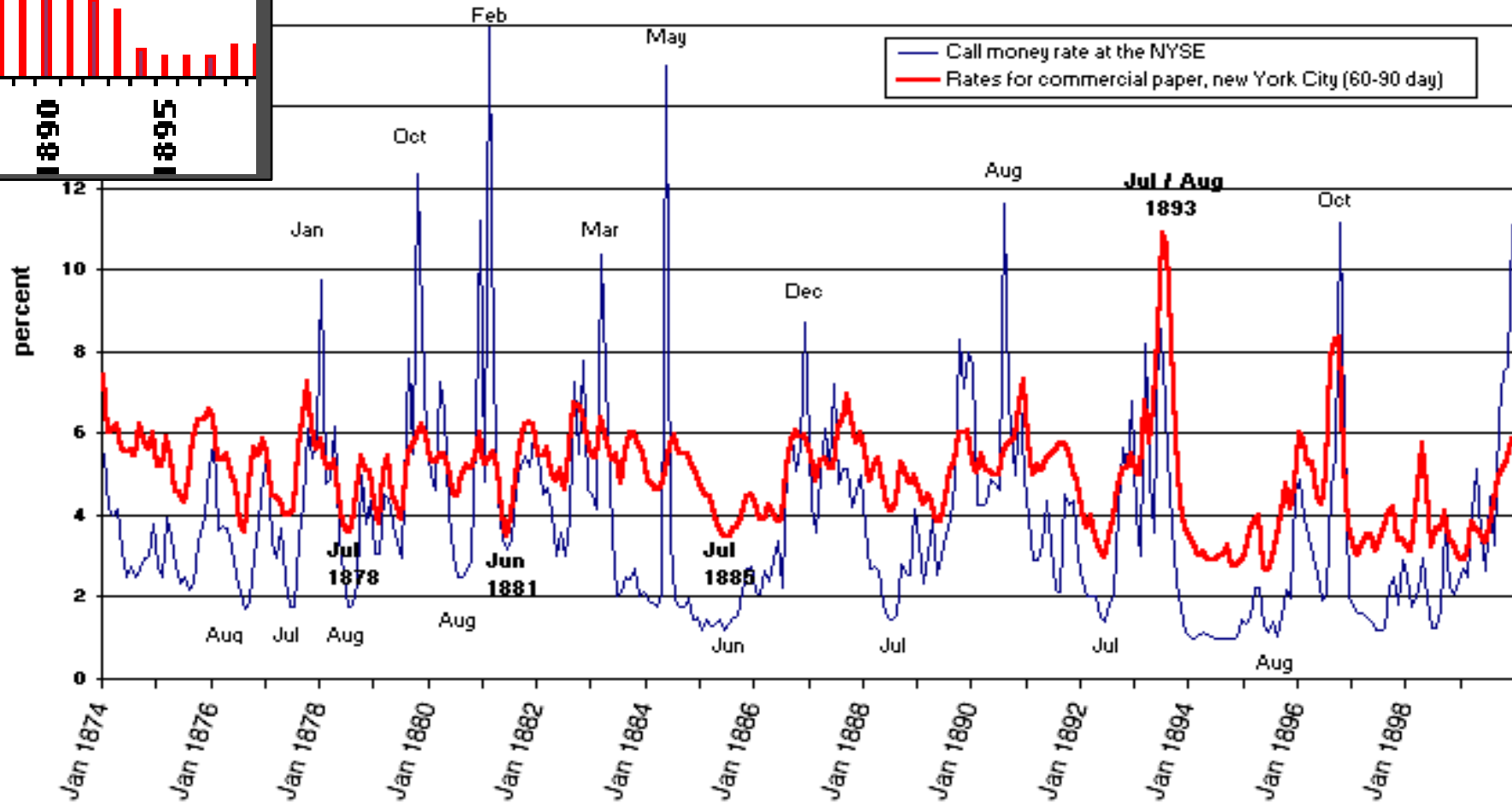


1893 continued



Rates, 1874 - 1900

Source: Macauley, Frederick R, Some Theoretical Problems Suggested by the Movements of Interest Rates, Bond Yields and Stock Prices in the United States Since 1856, NBER Inc., no. 33, 1938.

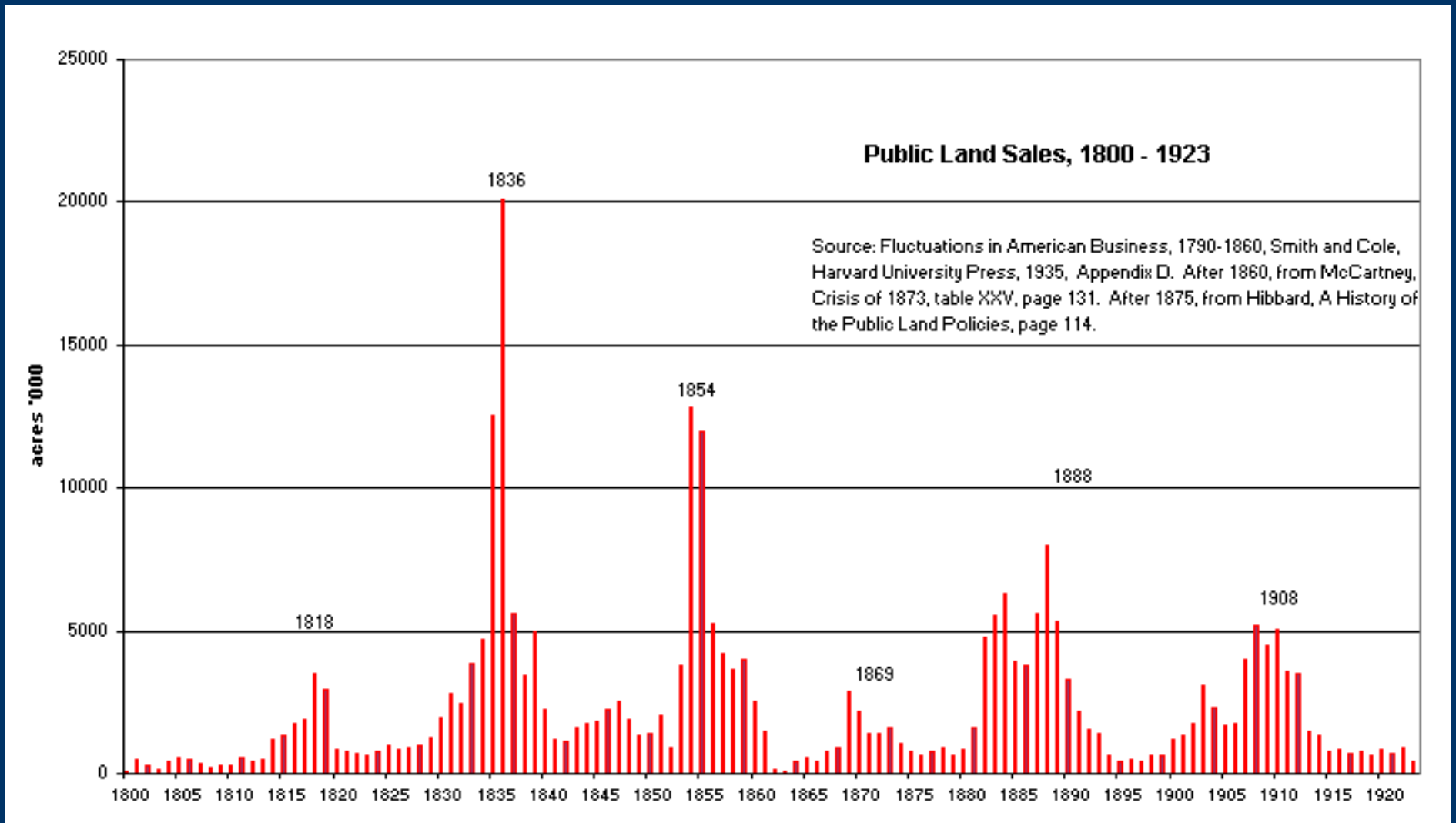




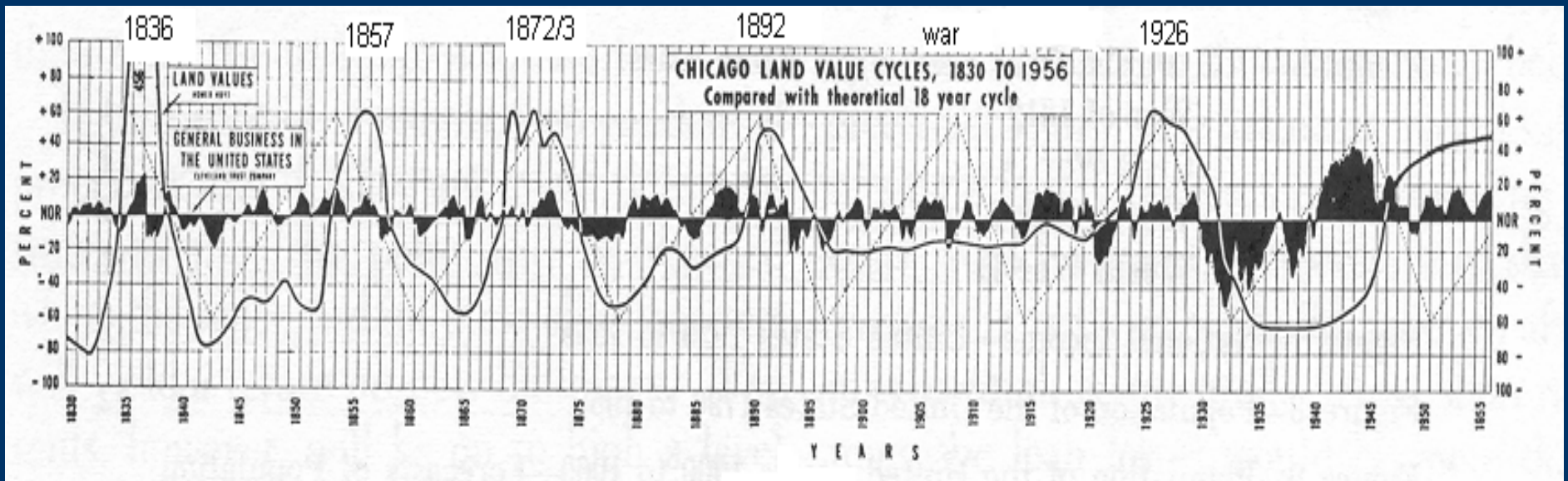
THE 1889 LAND RUN
(Opening of the Unassigned Lands)

<http://www.sandplum.com/guthrie/landrun.htm>

- US real estate into 1932

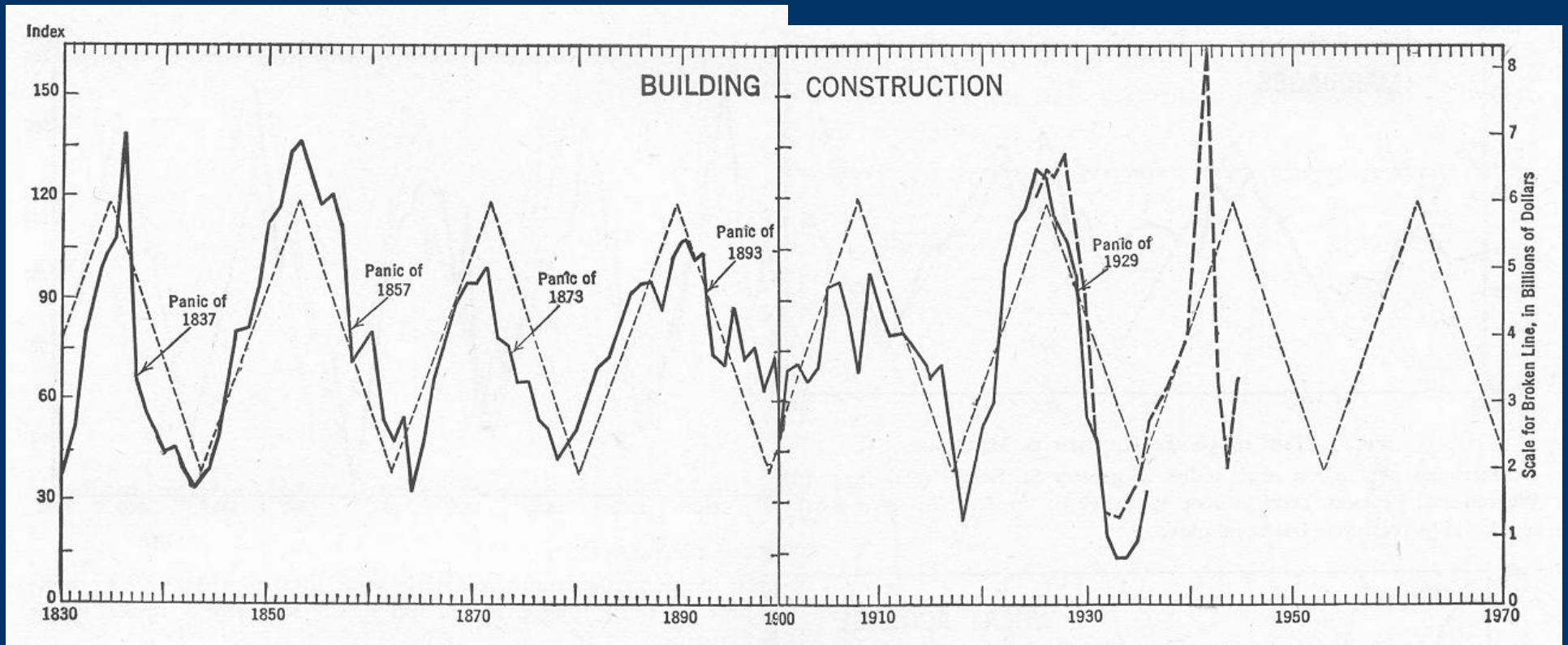


- 18 years has a good history: Chicago land value,



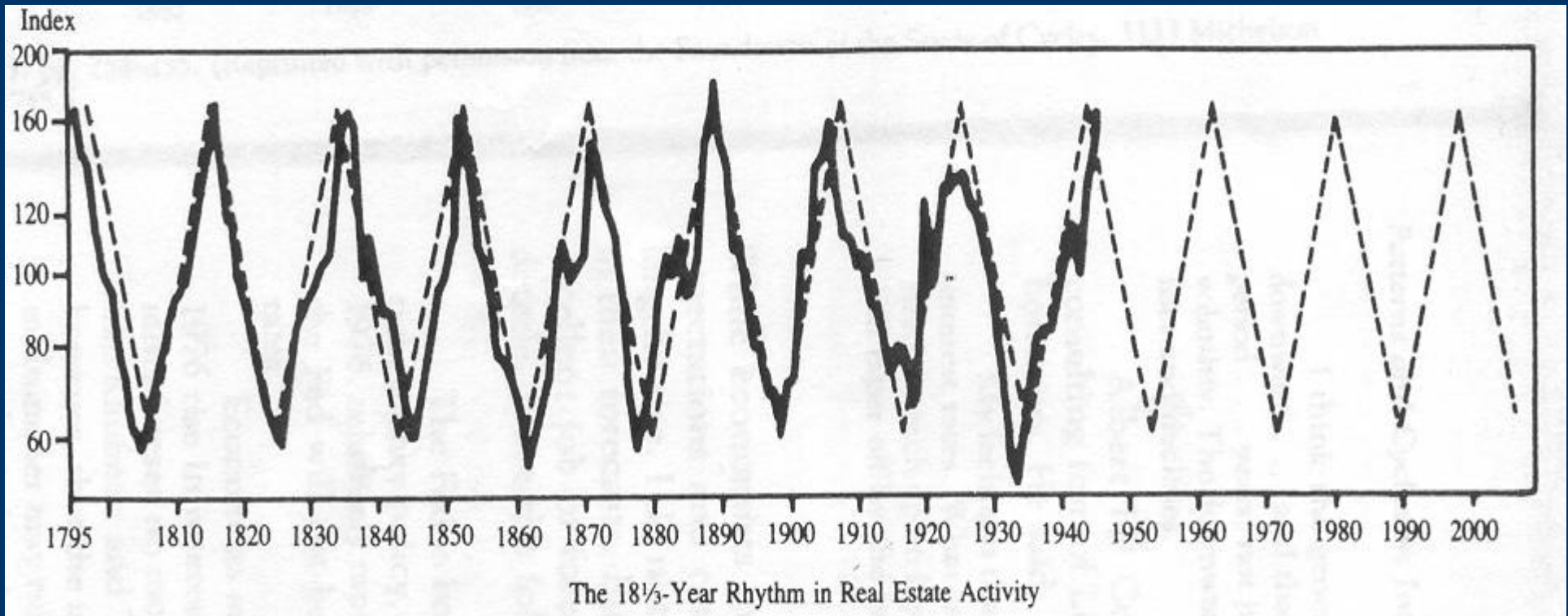
Source: According to Hoyt, 1966, page 538

- 18 years has a good history: US building construction,



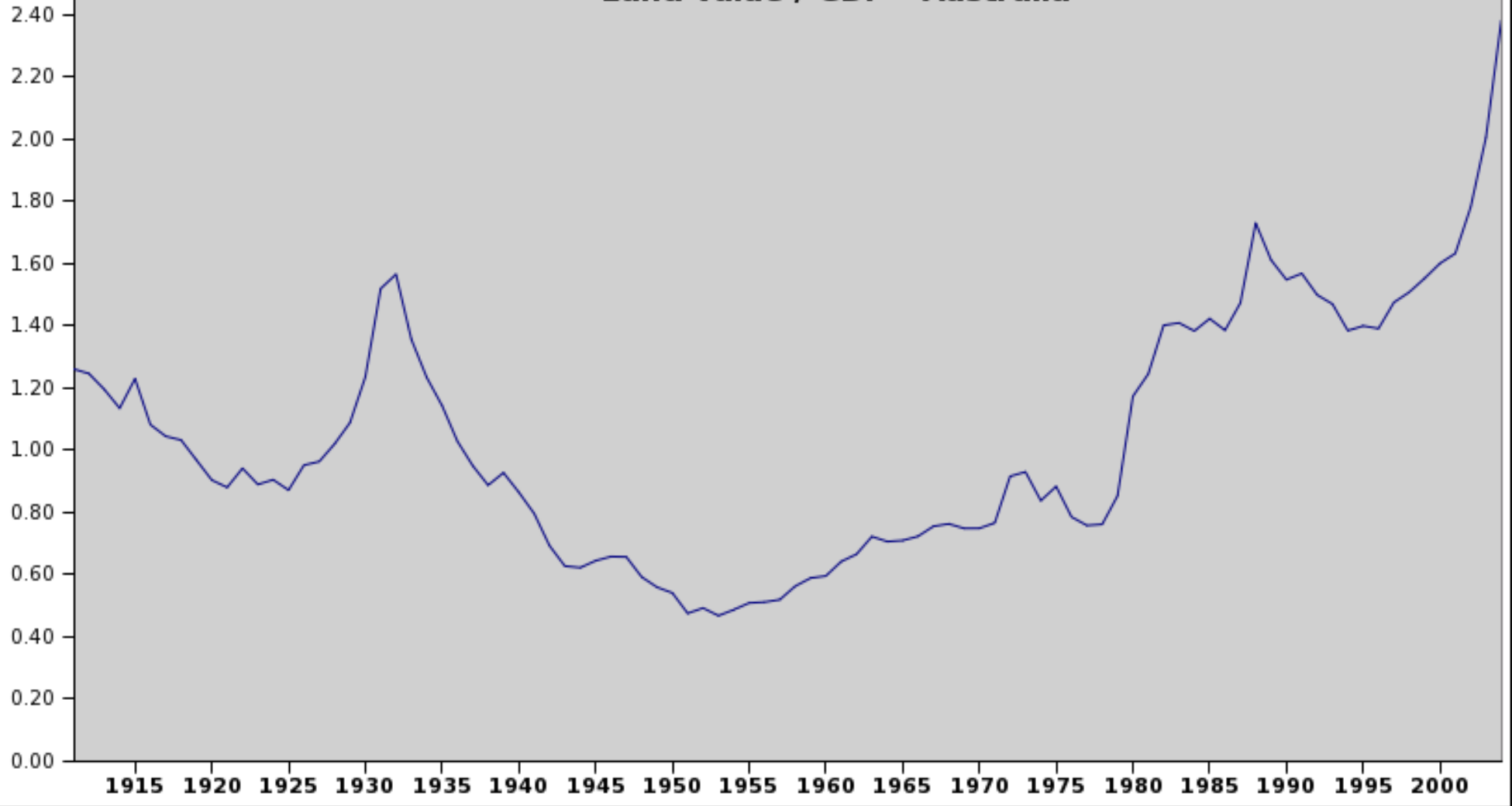
Source: Cycles, 1947, page 118

- 18 years has a good history: US real estate activity,



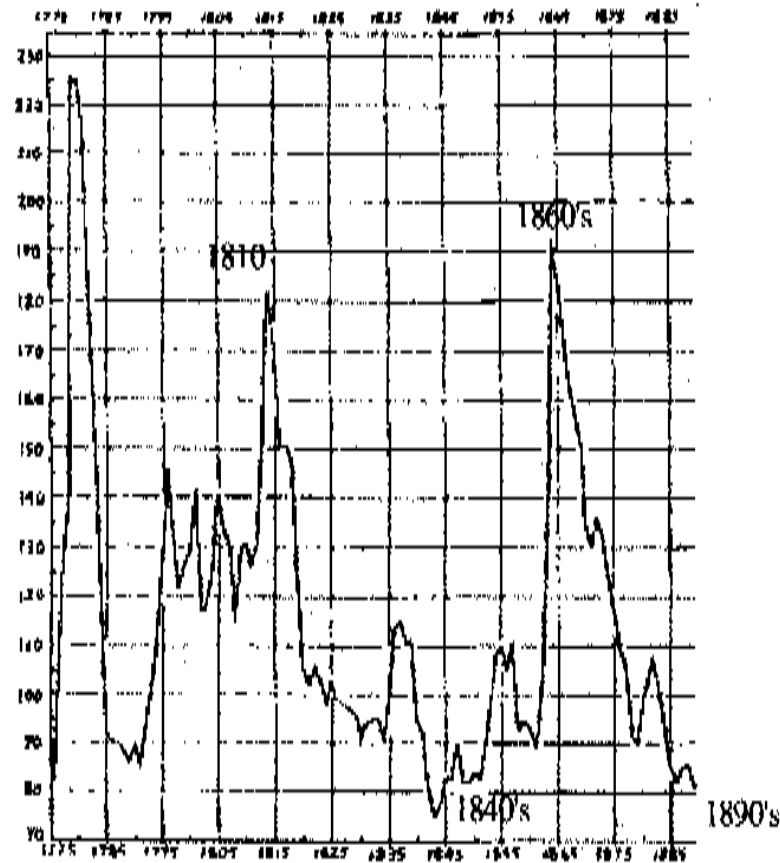
Source: Cycles, 1970, page 343

Land value / GDP - Australia

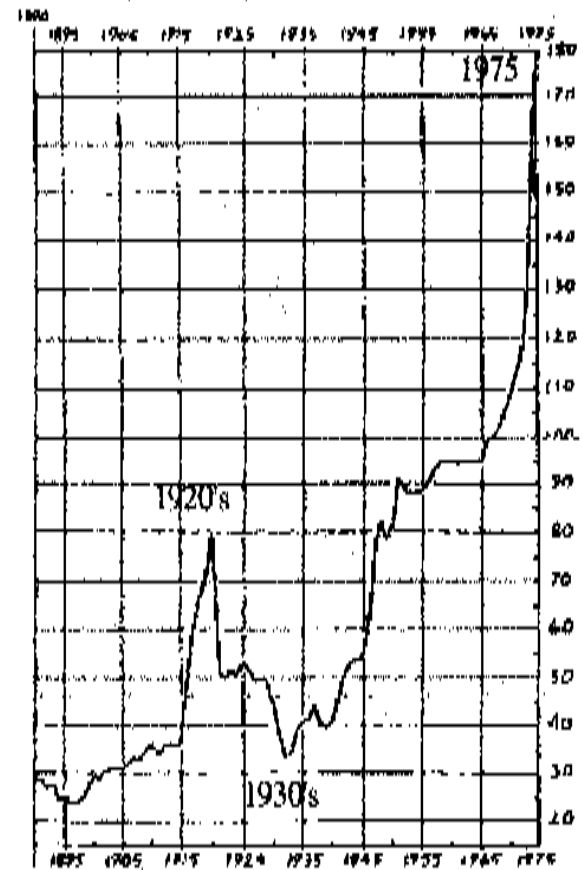


- Long term commodity waves: prices

Wurman and Pearson wholesale price index
for all commodities (1910-1914 = 100)



Bureau of Labor Statistics wholesale price index
for all commodities (1907 = 100)



Source: Bureau of the Census, *Historical Statistics*, pp. 190-202.