

VISUAL 20.1

ECONOMIC MYSTERY

IS FREE LAND A GOOD DEAL?

In 1862, the U.S. Congress passed the Homestead Act. It provided 160 acres of surveyed land *free* to a homesteader who lived on and developed that land for five years. Yet farmers often paid cash for other parcels of land rather than accept the homestead offer.

From 1863 to 1872, the federal government sold 10 times more acres than it gave away to homesteaders. And farmers bought high-priced land from the railroads more often than they accepted land from the U.S. government.

Why would farmers refuse free land? Why would they prefer expensive land to cheap land?

VISUAL 20.2
HOMESTEAD SITES

- Site 1: Eastern Nebraska
- Site 2: Northeastern Montana
- Site 3: Southern Idaho
- Site 4: Western Washington
- Site 5: Western Iowa

