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The Public Domain

BY THE early British royal land grants the western limit of Massachusetts, Connecticut, Virginia, Georgia and the Carolinas was designated as the South Sea (Pacific Ocean), while Pennsylvania, New Jersey, Delaware, and Maryland were confined within their present boundaries.

By the treaty between Great Britain and France, at the close of the French and Indian War in 1763, the Mississippi River was fixed upon as the western limit of the British possessions, and of the proprietary colonial land grants.

During the Revolutionary War, all lands held by the British king or by the royal grantees were sequestered by the states in which they were situated. Pennsylvania and Maryland afterwards, as already stated, made some payment to their respective lords proprietors.

Those states having no western lands contended that the war had been waged for the benefit of all the colonies and that the western lands should be ceded to the national government, to be sold to pay the cost of the war. Maryland, especially, took a firm stand on this and refused to join the Confederated States unless this were done.

In 1780 the Continental Congress adopted resolutions asking those seaboard states claiming lands west of their present western boundaries to cede them to the national government.

Maryland, however, qualified its demand, by permitting all Indian grants made to individuals prior to the beginning of the war to be recognized. The fact that a number of important

Marylanders, including Governor Johnson, ex-Governor William Paca, Samuel Chase and Charles Carroll of Carrollton were shareholders in the Illinois-Wabash Land Company, which had acquired large areas from the Indians in the present Indiana and Illinois, gives point to this qualification. The Robert Morris group and some French agents also were shareholders in that company. [1]

Virginia ceded to the national government all its lands northwest of the Ohio River, except 150,000 acres (in Indiana) reserved for General George Rogers Clark, his officers and men, who had conquered that country for Virginia, and a contingent reservation for the Virginia troops of the Continental Army, between the Scioto and Little Miami Rivers in Ohio, supposed to contain 4,204,800 acres.

Soon after Virginia had, with these reservations, ceded its western lands, Maryland agreed to join the Union. Connecticut relinquished part of its western claim, reserving 3,366,921 acres in the northeastern corner of Ohio. South Carolina had a relatively small area along the entire southern boundary of Tennessee, which it relinquished. Georgia reserved five hundred thousand acres and exacted payment for the remaining western lands. North Carolina land-grabbing officials made strong objection to relinquishing North Carolina lands in the Tennessee area until threatened with a federal tax on such lands; demonstrating the power of a land-tax to open up idle land to settlement. But, by that time, they had issued land warrants to themselves and favored speculators for most of the Tennessee lands. The other states had little or nothing to relinquish.

To prevent grabbing of the land by speculators, it was imperative that Congress, representing all the people, should assume monopoly of the western and southern land. This it did and enacted that the government alone would make terms with the Indians, and land so acquired was to become part of the public domain.

Immediately upon the federal government becoming possessed of a public domain, Congress was flooded with petitions by settlers and speculators for grants of land.

Pelatiah Webster in 1781 proposed a wise system for distributing

the public lands which, had it been adopted fully instead of in part, would have brought about more orderly development of the country: "The land to be surveyed into townships of six, eight or ten miles square, to be sold at auction, with a minimum price of one dollar per acre; purchasers should be obliged to settle and improve the land within two or three years or forfeit it; townships to be laid out in tiers and sold. Only after one tier was settled should the next tier be placed on sale."

Washington made a trip to western Pennsylvania in 1784, where by court action he evicted some squatters from land he had acquired of the Indians. He wrote to Jacob Read, a member of the Continental Congress from Pennsylvania: "Such is the rage for speculating in, and forestalling of, lands northwest of the Ohio, that scarce a valuable spot within a tolerable distance of it is left without a claimant. Men now talk with as much facility of five hundred thousand acres as a gentleman would formerly do of a thousand."

The paramount thought of the federal government, as a landholder, was to sell land in large tracts for revenue to pay the public debt, rather than for settlement; and the only buyers for large tracts were speculators.

A system for the sale of the public land was determined upon by the Continental Congress in 1785. The domain to be divided into townships of six miles square; each township comprising thirty-six sections of 640 acres each, a section being one mile square. Alternate townships were to be offered in tracts of not less than a section, at $1.00 per acre, later increased to $2.00. The first application of the six miles square township plan was at Chelmsford, Massachusetts, in 1652.

The government reserved one-third part of all gold, silver, copper and lead in each township. This wise provision could, and should have been maintained, but was later rescinded because it was inimical to the interests of those who were obtaining the land.

While Congress was offering for sale land from the public domain, Connecticut, Virginia and Georgia were likewise offering for sale land from their western reservations.

The Indians in Ohio complained at Fort McIntosh in 1785

that the white pioneers were settling and building on their lands. Soldiers were sent to eject the settlers and burn their houses and crops, but many hundreds of others came pouring in all along the Ohio River, seeking places for homes for their families. [50] These ejections were regardless of the needs of the landless people for land for homes and on which to earn their living; but as time went on Congress, though tardily, reversed this policy.

The public domain at that time comprised the land west of the Pennsylvania boundary, north of the Ohio River and east of the Mississippi, exclusive of the reservations noted. This area was organized as the Northwest Territory, which included the present states of Ohio, Indiana, Illinois, Michigan, Wisconsin and that part of Minnesota east of the Mississippi River.

Congress framed the famous Ordinance of 1787 for the government of this Territory, which became the richest field for exploitation by land grabbers, as will appear. Officials, including judges and legislators of the Territory, were each required to hold from two hundred to one thousand acres in the district. Franklin opposed limiting voters to landholders, because it would "depress the virtue and public spirit of our common people." [21]

The Ohio Company (the third company of that name) was formed in Boston by General Rufus Putman, Winthrop Sargent and the Rev. Dr. Manasseh Cutler, former chaplain of a Massachusetts regiment in the Revolutionary War. The company was subsequently joined by some members of Congress. They lobbied through Congress in 1787, a bill authorizing the sale to them of approximately 1,700,000 acres of the public domain, along the Ohio River on both sides of the Muskingum River. The following year two groups of people, one from Danvers, Massachusetts, and the other from Hartford, Connecticut, founded Marietta, named for Marie Antoinette, at the junction of those rivers.

Each of the first settlers at Marietta received an in-lot, 90 by 180 feet, and an out-lot of eight acres; the remaining land to be held for sale at a profit to the company.

At the same time, Congress granted to the Scioto Company,

the promoters of which were largely the same as those of the Ohio Company, an option to purchase five million acres along the Ohio and Scioto Rivers.

The Scioto promoters sent Joel Barlow, a poet, to Europe, to dispose of land. He sold the rights to three million acres to a company organized in Paris. The French Revolution coming on prompted a royalist emigration, and several hundred royalists, in 1790, bought and paid for tracts of this land.

No payment was as yet due or made to the government by the promoters, and the financial failure of a leading promoter prevented payment by the American buyers. Consequently the French immigrants, having paid for their land, had neither land nor money, but Congress donated to them 25,200 acres on condition of five years' residence thereon, and a settlement was made at Gallipolis. [146]

John Cleve Symmes, a member of Congress from New Jersey, and his associates, in the same year bought from the government a million acres along the Ohio River, between the Great Miami and the Little Miami Rivers, known as the Miami purchase. On this tract Cincinnati and North Bend were afterwards laid out. Symmes declared to his associates that he saw a fortune in store for "the lucky speculators who would buy land from Congress for 5*s* per acre and sell it to settlers at 20*s*."

In Cincinnati, founded in 1788, every pioneer was assigned an in-lot 86½ by 193 feet for a house and a four acre out-lot. In Dayton, each pioneer settler was allotted an in-lot, 99 by 198 feet, and an out-lot of ten acres. Speculator-promoters of other towns offered larger lots.

Payment for lands by these several promoters was to be made in Continental Certificates of Indebtedness and Revolutionary War Military Land Warrants. Purchase of these securities by the company to make payments caused an advance in the market price, which made payment more difficult and costly, and the buyers applied in 1792, for easier terms. Whereupon Congress, ever lenient in the early days with land speculators, authorized that the Ohio Company receive 214,285 acres to be paid for with military warrants, another tract of 100,000 acres, and 750,000 acres additional upon payment of $500,000 in Continental issues

then selling at 12½¢ on the dollar—or actually about 6¢ per acre. [146]

For Symmes likewise having the same difficulty, Congress reduced the area sold to him to 148,540 acres, for which he paid $70,455 in Continental issues at face value, but then selling at such reduced prices that the actual purchase price was but 6¢ per acre. Symmes, who was afterwards appointed a judge in the Northwest Territory, was arrested in 1802 for selling land outside of his concession, belonging to the government.

With the rapid settlement of the country, the average price of unimproved land in the Symmes Miami area had, within twenty-eight years after the purchase, become stabilized at $8.00 per acre [13]—an increase of 356 per cent per annum.

Nicholas Longworth, a young lawyer, in the early days of Cincinnati accepted two copper stills as a fee. These he traded for a thirty acre tract, now in the center of that city, which fifty years later was appraised as worth $2,000,000. [38] Unearned increment created by the concentration of population is powerful "in founding a family."

There are significant implications in the fact that none of the great land speculator-promoters of the Eastern coteries settled in the West. They wanted the land merely for promotional and speculative purposes, and had no intention of personally undergoing the hardships of the frontier. [1]

In 1788 more than eighteen thousand pioneers, men, women, and children, from New England and other Atlantic seaboard states, went into the Ohio country seeking homesteads, where they built cabins and cleared land for cultivation. From the wooded banks of the Ohio, the Indians watched with growing resentment the steadily increasing number of flatboats bringing new settlers to take from them the land of their birth and of their ancestors.[a] Other settlers, bound for Kentucky and Tennessee, were pouring through the gaps in the mountains in the South.

The newly formed United States government was inaugurated April 30, 1789, with George Washington as President. Washington served until 1797. In the debate in the first session of Con-

[a] J. Carroll Mansfield

gress, Representative Scott made an effort "to induce the government to sell land directly to settlers," but the influence of land speculators in and out of Congress prevented action.

Instead of Congress opening this region to the thousands of landless people in the eastern seaboard states, that they might get land on which to live and work and raise their families, various acts were passed authorizing the President to issue deeds for large tracts of land to combinations of speculators, amongst whom were members of this Congress. The settlers were left to bargain with the speculators. [21] And, worst of all, President Washington sent General Harmar "to drive these squatters [so termed] from the public domain." As stated in the Annals of Congress, "the troops broke down the fences, tore up the potato patches and burnt the cabins, but three hours after they left the settlers returned."

Wayne's campaign in 1790, and the treaty with the Indians at Greenville in 1795, made the country reasonably safe from Indian attacks.

So harmful had land speculation become at that early period, Congressman Rutherford said Congress should destroy the hydra of land speculation, which had done the country great harm. "Let Congress," he said, "dispose of this land to settlers; . . . the 'monsters' in Europe acting with the 'monsters' here [are] ready to swallow up this country."

With the population of the country increasing, and all desirable land in the East privately appropriated but largely unused, there were fewer opportunities to establish homes and work there, and people sought land in the Ohio and Kentucky regions.

Pioneers going beyond the Alleghenies were homeseekers, speculators, and agents of speculators. The professional surveyor was among the early comers, seeking with practiced eye for the most desirable spots. He was frequently commissioned by others and was very often a speculator himself, ready to sell what he had laid out in his own name. [3]

The public debt inherited by the new United States government from the old Confederation was about $42,000,000. In addition, the States owed over $30,000,000, including nearly $12,000,000 to foreign creditors. Hamilton wanted the federal govern-

ment to assume all these. As a result of a trade of votes in Congress, arranged by Hamilton and Jefferson, the Southern members voted for assumption of these debts, in consideration of the new national capital being located along the Potomac.

Daniel Carroll, brother of Charles, a Senator from Maryland, owned most of the land in the District of Columbia. The price paid by the government for this land was said to be "more than three-fold the market price."

This land was conveyed to three commissioners appointed by the President, to be held in trust while laying out the city. In September, 1792, Washington directed that city lots be sold at public or private sale. Robert Morris, an irrepressible land speculator, then a United States Senator, John Nicholson and James Greenleaf formed the North American Land Company, which bought nine thousand lots at an average price of $86.34 each, payable in seven annual instalments without interest.

These speculators, in selling the lots at ever-increasing prices, were able, from proceeds of the lots sold, and with a minimum cash investment on their part, to pay the government as the instalments came due. The speculative fever then started in the capital city has not during these long years been abated.

From that time to the present the value of the land (not including buildings) on which the White House is situated has increased to $19,685,975. To build the new Department of Commerce building the government was charged $2,459,831 of the people's money for the land on which to build it—values created, not by the landholders but automatically by all the people.

Our American statesmen-promoters of a national capital were not as wise as were those of Australia when they established their capital. There, in the 1920's, a new federal capital city was laid out on virgin land, just as was Washington, and named Canberra. It occupies sixteen square miles in a federal district of nine hundred square miles. The land was acquired by the government, which retains ownership of it in perpetuity. Building lots are not sold, but leased to private builders at an annual ground-rent, adjusted every twenty years. To avoid having privately owned architectural eyesores, contiguous unused lots and slum areas, held on speculation, such as exist in Washington and in all

other American cities, all lots leased in Canberra must be fully improved, within two years, from approved architectural plans. It is estimated that within twenty-five years all government buildings will have been paid for from land rents. The rental value of the lots will continue to grow as population increases—just as it has in Washington, where the increasing land values inure to private holders instead of, as in Australia, to the government.

After the organization of the federal government, the Illinois, and the Wabash Land Companies, legatees of Indian land concessions in colonial days, fused into one corporation and claimed Indian rights to two hundred miles square of land. The president was James Wilson of Pennsylvania, a justice of the United States Supreme Court, and an ardent speculator in land in different parts of the country; an injudicious combination.

With powerful political and landholding influences, the company proposed to Congress that it would surrender to the government "all the lands it claimed, on condition that Congress would reconvey to the company one quarter of the lands."[b] The Senate committee on public lands reported that the petitioners held no legal title to the lands and it declined the proposition. But in the House was the notorious land speculator, Jonathan Dayton of New Jersey, Speaker of the House of Representatives, himself putting big land jobbery through Congress. The House committee on public lands reported that the company's Indian deeds were valid and that the United States should agree to the proposal. [21]

One of the great scandals of that time was the bribery of members of Congress, by Robert Randall, to obtain a grant of eighteen to twenty million acres bordering on Lakes Erie, Huron and Michigan. In the testimony brought out in an investigation in 1795, three members said they were approached by Randall, who said he already had thirty members pledged to support his grant; that to get a majority, shares in the land grant were to be divided among congressmen, and that those who did not want shares could get the cash.[c]

[b]Journal Ho. Reps. 1795

[c]*Ibid.*

A vigorous discussion arose in Congress the following year respecting a method for disposing of public lands. Some favored selling to settlers in "small tracts of 640 acres"; some favored selling in small tracts to settlers and in large tracts to speculators; others favored selling at auction, at a minimum price of $2 per acre.

A proposal that actual settlement be required on all land sold was rejected and, apparently, that was the only time any effort was made in Congress to insist that prompt settlement must be made on land sold by the government. Had this condition of settlement been adopted, the welfare of the settlers would have triumphed over the immediate needs of the public treasury. [146]

Settlement of the Ohio lands during the early nineteenth century was retarded by the government holding land for sale only in very large tracts, which few settlers and only speculators were able to buy, and by the high prices then demanded by speculators for smaller farm-size tracts.

Holding large areas of land unused on speculation gave the incoming settlers the choice of living either on the outer frontier in deadly peril of irate Indians, or of paying a part of their future earnings to speculators for locations closer to the zone of safety. [21]

In 1800 Congress reduced to 320 acres the minimum acreage to a buyer, at $2.00 per acre, with four years to make payment. This increased sales, but it engendered rampant speculation in land by a large number of people, who bought on those terms with the idea of exacting higher prices of incoming settlers, before the four years of credit expired.

Colonel Ebenezer Zane had made at Wheeling, in 1770, the first permanent settlement on the Ohio River. He laid out Zanesville in 1799, and three years previously had been granted three sections (1,920 acres), as a bonus for establishing ferries. A similar grant was made to Isaac Zane in 1802.

Land warrants had been issued entitling the soldiers of the Revolutionary War to land. Representative Bacon, in Congress, in 1802, said that speculators sent agents among the veterans and depreciated the value of the warrants, then purchasing them

at one-tenth their value. These warrants were then presented to the government at face value in payment for land.

An Ohio editor, in 1803, declared: "To such an extent has the hateful spirit of inordinate speculation in public lands proceeded, that it has corrupted the fountains of legislation and the courts of justice, as well as the body politic."

Ohio was admitted as a state in 1803. Congress relinquished to it one-thirty-sixth of the total area, as school lands, and 3 per cent of the proceeds from land sales in the state, for road construction. [9]

The United States land commissioners at Detroit reported in 1805 that lands in their district were claimed under various grants; grants in fee simple by Cadillac; by the French commandant at Detroit in the early eighteenth century, and by subsequent commandants; by the French governors of New France and Louisiana, which had been confirmed by the King of France; similar grants, but unconfirmed by the king; claims derived from the British governors; Indian grants and others by actual settlers and occupants. In all there were more than five hundred of these claims, of which only six were recommended for confirmation. [146]

The judges of the Virginia court at Vincennes, Indiana, in the Virginia Reserve north of the Ohio, which was held for General Clark and his men, fraudulently granted to themselves great tracts of the reserve. This area is situated in Clark, Floyd and Scott Counties, Indiana, but mainly in the first-named county.

A letter from General Harrison, governor of the Northwest Territory, to President Jefferson, confirmed these charges of judicial land frauds: "The whole country to which the Indian claims were supposed to be extinguished was divided among members of the court and entered upon their journals; each member absenting himself from the court on the day that the order was to be made in his favor, so that it might appear to be the act of his fellows only."

The land commissioners at Kaskaskia, in Illinois, reported in 1807 that no less than nine hundred claims were on perjured affidavits. They had confirmed to one man nearly forty such

claims, for four hundred acres each, later rejecting them. [146] Tracts thus fraudulently grabbed were sold to speculators, who exacted high prices of arriving settlers.

Land in the public domain had been quite generally sold on deferred payments, which favored purchases by speculators, who depended upon selling at increased prices before the (usually five years) instalment payments fell due. Gallatin, the able Secretary of the Treasury in three administrations, feared this would increase the debtor class and, as defaults were occurring, would create in that section of the Union a powerful interest hostile to the federal government. He said: "If the cause of the happiness of this country was examined into it would be found to arise as much from the great plenty of land in proportion to the inhabitants as from the wisdom of their political institutions."

Nevertheless Congress refused to revoke the credit system. Every person who hoped to buy western lands, whether as a settler or as a speculator, insisted upon its retention. [146]

The settlers, as have so many since then, found that buying land on mortgage or other deferred or instalment terms is often hazardous. Many purchasers, when the five-year payment period approached, petitioned Congress for relief. In 1810 the Indiana legislature presented a memorial to Congress citing the situation of many persons, actual settlers rather than speculators, who had bought public land, yet for a number of reasons were without the means to pay.

The committee of Congress was not sympathetic, declaring that an extension of time would encourage settlers to make speculative purchases of larger tracts than they could pay for, and place the people in debt to the government, which would be dangerous. During the next several years many hundred farms and tracts were forfeited.

In Michigan there was virtually a repetition of the confusion in land titles that existed in Indiana. Not until 1812, by act of Congress, were land titles in Michigan placed on a definite basis. Just as later in Illinois, the long delay in doing this retarded settlement. [13]

An Ohio editor, that year, wrote against: "Those mushroom

speculators who have infested this western country by buying on credit and holding land to the prejudice of the community. . . ." Another editor wrote that: "sales for cash would nearly annihilate those speculative high prices which are to the great injury of the community."

When sales of public lands in Illinois began in 1814, most of the American settlers in the territory were squatters—on land they did not own or rent—partly because of lack of funds, and partly because of disputed titles arising from the old French claims. Many of these old claims were revived, speculation became rife and frauds were innumerable.

A petition from Illinois that year said that 284 landless settlers had located wherever it was possible, but having little cash they could not purchase land, and prayed for enactment of a law that would favor the "industrious poor." [13]

Many state banks were organized in Ohio to facilitate creating credit for speculative purchases of land. During the five years just preceding the financial crash of 1819, about 5,500,000 acres were bought, and the indebtedness of the speculators to the government for land purchased increased from $3,000,000 to $17,000,000.

The greatest land boom that ever had been known in American history was then on, but speculators, instead of realizing expected sales and profits, soon realized they had overbought. Then came broken banks, that had backed the speculators, and the widespread panic of that period.

A Kentucky newspaper declared that land speculation, "the most portentous evil that ever existed in America," was the cause of the panic and depression.

Thomas H. Benton, United States Senator from Missouri, in his *Thirty Years' View,* said: "Distress was the universal cry of the people, relief, the universal demand, thundered at the doors of all legislatures, state and federal."

The land credit system, which had been in effect twenty-four years, and had helped bring on the panic, was repealed in 1820. The minimum size of tracts to be sold was reduced to eighty acres and the price reduced from $2.00 per acre to $1.25, payable

in cash. Timber lands, $2.50; mineral land $5; coal land $10, as a minimum.

A writer, in 1820, said: "It became common to see men after getting land, to maintain themselves the first year without further resources than a gun, a net and a few tools, living from these like Indians and afterwards from their land. In a few years they were able to maintain themselves and their families comfortably." That was the spirit of the American pioneers.

Congress had, in 1803, granted to Lafayette 11,500 acres from the public domain, and upon his visit to the United States, in 1824, granted him a township of 23,040 acres from the public domain in Florida; in addition to $200,000 in cash.

The Erie Canal, opened in 1825, carried to the West human cargoes, many of them immigrants direct from Europe; and brought to the East the produce of western farms. At the same time settlers were, and had been, pouring west from Baltimore by the National turnpike, and from Philadelphia, by canal and inclined planes, over the Alleghenies. Railroad construction was not begun until 1830.

The popular feeling was so widespread, in the early nineteenth century, that the public domain was inexhaustible that the Secretary of the Treasury, Richard Rush, reported, in 1827, that "it will take no less than five hundred years to dispose of and settle the land in the public domain." Actually all of it that was profitable to use in farming, and much that was not, was disposed of during the next fifty-five years.

Congressman Hayne of South Carolina said in 1828, that more than half the time of Congress had been taken up with discussing proposals respecting public lands. [149]

In the Senate, Clay, of Kentucky, urged distribution of the proceeds of sales of public lands among the states; Calhoun, of South Carolina, urged cession of the lands to the states in which they lay; John Quincy Adams, of Massachusetts, favored devoting the proceeds of land sales to Federal internal improvements; Benton, of Missouri, advocated reducing the price of land to settlers. Some other senators demanded that the land be donated as homesteads to actual settlers. [149]

A large proportion of the settlers in the Middle West in the

1830's were squatters. Four entire counties in the northwestern part of Indiana were occupied by squatters. It was said that two-thirds of the entire population in Illinois were squatters, and that there were more than thirty thousand squatters on public lands as far west as Iowa at that early day.[d] This condition was a forceful reason for granting free homesteads, and yet Congress delayed for thirty years more.

Congress in 1832 compromised, and reduced to forty acres, at $1.25 per acre, the minimum size of tracts saleable, thus making it possible to buy a farm outright for a cash payment of $50. This should have been done at the outset, but it was opposed by land speculators and by influential eastern and southern land-holders, and by members of Congress, because it would draw their people to the West and depreciate land-values in their sections. Fur companies were opposed, to prevent settlement of the western sources of their fur supplies.

Western settlement not only tended to retard a natural rise in the price of eastern lands, but it reduced the supply of workers in industry, which caused Senator Foot, of Connecticut, to offer a resolution in the Senate to stop the survey of public lands and abolish the office of surveyor-general. [137]

After Congress authorized the sale of land in small tracts, a new crop of active speculators hired others to serve as dummies in making entries for them. By this method large areas of the best contiguous land and mill-sites were obtained and held until increasing population created a demand at increased prices.

Connivance of land officials, through bribery by speculators, often caused large tracts of choice land to be withheld from sale pending the demand by settlers. To intercept the oncoming pioneers, these dealers would open offices, with sales agents, along the favored routes of migration.

Settlers themselves, when able, would often speculate by buying more land than they could farm, hoping that new settlers would pay them an increased price. [149]

For decades the principal medium of tricky financial schemes throughout the West and South was land. During the whole development of the country the land shark has been a pest and

[d]Cong. Globe

an object of hatred to the homeseekers. His wiles were the terror and mystery of the honest settlers. In the early decades land-robbery was a fruitful source of violence, and at the bottom of most litigation. [18]

Many of those who had experienced the distress of the collapsed land boom and panic of 1819 having passed away, and affairs being guided by a newer generation, all classes in all sections of the country were, in the 1830's, infected with another land gambling mania. Manufacturers, merchants and farmers, instead of paying their debts, bought land on speculation.

Sales of lands from the public domain in 1834, were 4,500,000 acres, the largest of any year since the panic of fifteen years previously. The following year 12,500,000 acres, and the next year, 20,000,000 acres—mostly to speculators, who aimed to intercept, and supply land at increased prices to the great surge of western-bound pioneers. [99]

Highly interesting accounts of western migration of settlers are given in the novels *Vandermark's Folly* by Herbert Quick; in *Son of the Middle Border,* by Hamlin Garland, and in the moving picture *The Covered Wagon.*

Senator Walker, of Mississippi, who was charged with organizing speculative combinations to cheat the government in land sales, reported, in 1836, that of the thirteen million acres sold, during the past year, he believed eight million acres were bought for speculation.

The land where Chicago is situated was no more valuable, when Chicago had its beginning in 1830, with a dozen log cabins, than any other government land, then being sold throughout the West at $1.25 per acre.

When all the land about the Chicago location had been bought of the government at $1.25 per acre, a wild land speculation developed. Town-site projects mapped out on paper sprang up overnight in all directions, just as in every land boom since then.

With highly colored maps, and pictures prepared in eastern cities, the promoters at once, before the colored ink was dry, proceeded to solicit in the East, purchases of town lots in the West. Pictures showed elegant brick and stone buildings, steamboats at crowded wharves, drays loading and unloading mer-

chandise of all sorts, and crowds of people and vehicles, all clearly depicted as part of a future metropolis, to entice speculative purchases of lots.

Chicago lots were sold at public auction for private account to and by speculators as far away as New York, Philadelphia and Boston. In the first six years, the sale value of lots, plotted thereabouts from the recent $1.25 per acre land, had increased to $10,000,000. [75]

The receipts by the government from land sales were, as President Jackson said, but little more than credits in the banks, circulating in a constant routine from banks to speculators, to the government, to the banks, and again to the speculators for more land. Unquestionably land speculation and bank juggling often went hand in hand. [99]

Saying that the time had come to put an end to wildcat bank inflation on which speculation was feeding, and to save the new states from absentee landlordism, "one of the greatest obstacles to the advancement of a new country and the prosperity of an old one," Jackson, in 1836, wisely (but for which he was viciously attacked), issued his famous Specie Circular. This required buyers of land, except actual settlers, to pay for it in specie, which was so great a shock that the panic of 1837 suddenly broke.

Stimulated by rising land prices, caused by the rapidly increasing population, many of the states had created bond issues for unwarranted development. When the panic broke, land values evaporated, bringing broken banks, and defalcations by bank officials who had indulged in the speculation, and defaults by state governments.

In New York, six thousand men in the building trades, and in Philadelphia, one-half to two-thirds of the clerks and salesmen became unemployed. In the South, plantation owners, with reduced demand for their products, having less work for their slaves, sold for $200 slaves for which they had but recently paid $1,200. [IX]

In Chicago: "prospective building lots that had sold at $1,000 or more, but now unsalable, were plowed up for potato patches to feed the destitute. The country resounded with groans of

ruined men and human misery and the sobs of defrauded women who had participated in the speculation."

President Jackson had proposed to limit the sale of land to actual settlers. Had this advice been followed the whole speculative orgy which culminated in the panic might have been averted, or its severity lessened. [99]

Jackson's successor, Van Buren, in a message to Congress, referring to the cause of the panic, said: "There was invested $39,500,000 in unproductive public lands in 1835–6, while in the preceding years the sales amounted to only $4,500,000; the creation of debt to an almost countless amount for land in existing and anticipated cities and villages, equally unproductive, and at prices now seen to have been greatly disproportionate to their real value."

Ten years after this disastrous panic, Horace Greeley wrote from Chicago: "The town is filled with land sharks, downright thieves and blackguards."

Regardless of the human distress from the previous orgy of land speculation, the craze again broke out, which shortly ended in the land speculative crash of 1857, just previous to which Horace Greeley, again visiting Chicago, wrote: "The more I see of land speculation the less I like it. Here men are grasping all the land they can get, paying exorbitant usury and everybody in debt that they may clutch more land, all of which tends to unsettle the public mind, inflame the spirit of speculation and discourage patient industry.

"The right of the human race to live," said Greeley, "is older, stronger, more sacred, than the right of any individual to retain land unused to exact of others a price for the liberty to use God's Earth."

Not until 1853 was Chicago connected by rail with the Atlantic seaboard. Still, decade after decade, owing to its unsurpassed geographical location for intercepting trans-continental traffic, Chicago grew.

With each recurring land boom there has been a new crop of speculators, with similar endings in each succeeding panic—occurring about every twenty years. But land values on the crest of every land boom are always higher than they were on the

crest of the preceding boom—and that is the backlog which keeps the fires of land speculation for ever going.

Paul Blanchard, in *The Great Land Racket* wrote: "The ill-effects of land speculation did not become apparent until after the growth of cities. Then gradually we became a nation of realtors. The whole conception of land changed from something to be used, to something to be held until the community should increase its value. Landholding then became a national racket, in which the shrewd, the cunning, and the lucky grandsons of grandfathers, stood at the key cross-roads of our bustling new city life, extracting toll from every tenant, and from every purchaser of merchandise."

By 1894, a panic year, $1,250,000 was the price of a favored one-quarter acre plot of bare land in Chicago, for which 31¢ (at the rate of $1.25 per acre) had been paid the government; being an average increase of 20,000 per cent per annum on the original purchase price.

The southwest corner of State and Washington Streets, Chicago, 48 by 120 feet (about one-eighth of an acre), for which 15¢ (at $1.25 per acre) was paid the government in 1830, was valued ninety years later at $2,448,000—an average increase of 133,000 per cent per annum on the original purchase price; created wholly by the increase in population and public improvements.

The holders of these sites, in the meantime, received large and ever-increasing annual rentals for the use of them as building sites.

Quoting Myers: [107] "The land value which the mere concentration of population had created at that spot in Chicago belonged to the title holder for him to enjoy and dispose of as he pleased, and charge the public a high rental for the right to use it. This was, and still is, the system. Thoroughly riveted in law, it is regarded as a rational, beneficent and everlasting fixture of civilized life. The whole concurrent institutions of society pronounced the system wise and just, and still so proclaim it." Hence, Wealth Without Work.

A noted land speculator declared: "I have made a fortune without having ever worked a day in my life. I mean I have never engaged in actual effort to earn a dollar by the sweat of

my brow. Never mind that old Biblical quotation of 'by the sweat of thy brow.' All my wealth I obtained legally, strictly according to the law; strictly in accordance with the means practiced and upheld by the church, by the press, by businessmen. That is why I say never mind that old Biblical quotation."

The man who speculates in wheat on the Board of Trade is denounced by the press and public as an enemy to society; and a man who gambles in any way excepting in land, often breaks a law and becomes subject to arrest, but he who gambles in land, thus running up the price, making it more difficult for others to get land on which to produce wealth and earn a living, is protected by law as an upright citizen.

Increase in land values does not represent increase in the common wealth, for what land speculators gain by higher prices, the purchasers or tenants, who must pay them, will lose. [56]

Sales of the public lands in the Gulf region in 1834–7 were attended by professional speculators from all parts of the United States, who, by collusion, controlled the auctions in such ways that settlers, bidding for modest tracts for farms, had no chance of getting land, except by subsequently buying from the speculators at high prices. This was a common practice at all public land auctions.

West of the Mississippi, lands had attained speculative values before the purchase of the region from France in 1803; after the purchase large tracts were granted, and larger ones were claimed. Even before surveyors could begin their tasks, lands were in possession of squatters, who would swear against old residents, or more often, swear to their own long residence. [146]

Senator Linn, of Missouri, said: "The whole of Missouri had been settled by hardy and enterprising people long before the public lands were thought of being surveyed."

By act of Congress, in 1841, there were given five hundred thousand acres to each of nine states in the Mississippi Valley, from which some tracts were granted for internal improvements. Much of this land was sold to settlers and speculators; paid for in Soldiers' Bonus Scrip which had been obtained at a heavy discount.

The mania for land gambling was widespread. When lands

in one of the counties of southern Michigan were offered at auction in Boston, that year, they sold at from 37½¢, to 60¢ per acre. [149]

The government opened land in Iowa to buyers, in 1843, and on the date of the opening thousands rushed by torchlight into these new opportunities.

A similar rush for land occurred at the opening of Oklahoma Territory to settlement, during the Harrison administration, in 1889. This was an outrageously disgraceful and unfair scramble, without justification, and unworthy of a civilized nation, in which the fleet of foot left the less physically-able to take the leavings. An orderly public sale restricted to actual settlers would have been far more equitable and respectable. Subsequent allotments from Indian acquired lands were made by lottery or auction.

Mexican Land Purchases

By the treaty of peace of Guadalupe-Hidalgo, in February, 1848, at the termination of the American-Mexican War, Mexico sold to the United States the land now in the states of California, Nevada and Utah, and parts of Arizona, New Mexico, Wyoming and Colorado.

For this land the United States paid Mexico $15,000,000, and assumed claims of American citizens against Mexico amounting to $3,250,000. The war (a fight for land) cost the lives of twenty-five thousand Americans and $150,000,000. [11]

By this treaty, the American government agreed to respect all land grants that had been made by the Spanish and Mexican governments—the remaining ungranted lands within the area named to become a part of the United States public domain.

Some of these grants were made by Spanish governors before Mexico became independent of Spain, and others by governors of Mexico during the thirty-three years between the date of its independence and that of the sale to the United States.

When it became evident that some of the Mexican land was about to pass to the United States, Pio Pico, the Mexican acting-governor of California, at once began to issue grants of land to

favored Mexican citizens, who could then sell the land, at their personal profit, to American speculators—court records showed these grants were given for bribes.

Millions of acres of the very best agricultural, grazing, mineral and timber lands in the territory bought from Mexico by the United States were later found to be included in previous grants to Mexicans. More than eight million acres in California were claimed by some eight hundred Mexican grantees.

With the great influx of American population, following the acquisition, land came into demand and there sprang up a populous tribe of claimants. A very considerable portion of the land, including the region about the bays—natural sites for many future cities—had been granted to individuals by the Spanish or Mexican authorities. There seemed to be not an island or site for a fort, a custom house, hospital or post office but must be bought from some private claimant on his own terms. [150]

A Mexican grant of land now in New Mexico, said to have been made to Salvador Gonzales, in 1742, for "a spot of land to enable him to plant a cornfield for the support of his family," was fraudulently surveyed and enlarged to 103,959 acres—later, by an amended survey, reduced to 23,661 acres.

The B. M. Montaya Mexican grant in New Mexico, of 48,708 acres (which was the limit of area in grants under the law of Mexico), was fraudulently surveyed for 151,056 acres.

The Estancia Mexican grant in New Mexico, likewise restricted by Mexico law to 48,708 acres, was enlarged by fraudulent survey to 415,036 acres.

In 1768 Ignacio Chaves and others had petitioned for a tract of approximately ten thousand acres in present New Mexico. A fraudulent survey increased this claim to 243,036 acres.

The Pablo Montaya Mexican grant comprised in all 655,468 acres; the Mora grant 827,621 acres; the Tierra Amarilla grant 594,515 acres; and the Sangre de Cristo grant 998,780 acres.

One of the most notorious grants was the Beaubin and Miranda grant, for lands in New Mexico, afterwards acquired by an American, Stephan B. Elkins, by reason of which he obtained his original million dollars and became a multi-millionaire and a United States Senator from West Virginia. This grant was, by

fraudulent surveys and other methods, increased from the Mexican legal limit of 48,708 acres to 1,714,764 acres.

The heirs of one Gervacio Nolan, twenty-two years after the war, claimed, by a Mexican grant, 1,500,000 acres in New Mexico, on which Congress allowed 48,708 acres, but a new survey was ordered and the area was increased to 575,000 acres, and the settlers thereon were evicted by the claimants.

A Mexican grant of 48,708 acres in New Mexico, to Francis Martinez, was by a fraudulent survey increased to 594,515 acres and allowed, thirty-three years after the war.

These are a few of the forged or otherwise fraudulent claims cited by Gustavus Myers, [107] who further stated that the stupendous land frauds in all the western and Pacific states, by which speculators obtained "an empire of timber and mineral lands," are amply described in numerous official documents of the period. Scores of other claims were confirmed for lesser areas, all of which grants were corruptly obtained.

Numerous other land grants, claimed to have been made by Pio Pico, bore his forged signature. The examination of the records in the City of Mexico "led to the conclusion that even the archives of that government had, in some way, become an instrument of sanctioning fraud against the United States." Irresistible proof was obtained "that there had been an organized system of fabricating land titles in California and the southwest, carried on by Mexican officials for a long time; that forgery and perjury had been reduced to a regular occupation; that the making of false grants, with false witnesses to prove them, had been a trade and a business." [150]

The many official reports describe with what cleverness claimants forged their papers, and the facility with which they bought up witnesses to perjure for them. By such evidence courts were frequently obliged to decide in favor of the claimants. [107]

The United States Attorney-General declared that it was incredible that so many grants from the Spanish and Mexican governors could have been made in good faith by any government. [150]

The frauds in the settlement of private claims for land in the United States, on alleged prior grants by Spanish and Mexican

officials, were colossal. Vast areas were obtained by perjury, fraudulent surveys and entries, and by collusion with United States government administrative officials and Congress.

Prompted by the increasing demand that the proposed railroad to the Pacific should be constructed from some southern point on the Mississippi River, the United States, in 1853, bought 45,535 additional square miles for which it paid Mexico $10,000,000. This was known as the Gadsden Purchase and included territory south of the Gila River, the southwest corner of the present New Mexico and the southern part of Arizona. The area was added to the public domain.

The terms of sale provided that the United States should recognize all valid Mexican land grants previously made in the acquired territory. The outrageously fraudulent claims in both Mexican purchases greatly reduced the land area for which the people of the United States had paid Mexico, and which should have become part of the United States public domain.

Three years after the first Mexican purchase, Congress created a board of land commissioners, to sit at San Francisco for the settlement of land claims. All claimants were required to present evidence of title within two years, and claims for 19,148 square miles were presented. Appeals were often taken to the United States Supreme Court, which became burdened with them for many years.

Henry Miller, who came to the United States as an immigrant in 1850, acquired an immense area of the richest land in California and Oregon, suitable for cotton, grain and dairying. A report of the agents of the estate, in 1935, revealed that in the previous nine years, when sale of the land in California began, 558,302 acres had been sold for $20,841,986 and that an area of just about the same value remained.

In 1850 Congress passed the Swamp Land Act, which gave to every state in the Union all swamp and overflowed land within its boundaries.

No one Congressional act ever resulted in so much fraud, or did more to rob the people and their descendants of their God-given heritage in land, than did the Swamp Land Act, nor have its evil effects subsided to this day. [37]

This act specifically provided that, to be classed as swamp land, each forty acre tract must be overflowed, either at planting or harvest season, and that the proceeds from sales of the land should be applied, exclusively, so far as necessary, to reclaiming said lands, by levees and drains.

This made possible one of the greatest land grabs in the history of the public domain; and only a small part of the proceeds ever went to the purposes intended.

Swamp land grants totaled sixty-four million acres, of which Florida received one-third. Numerous instances of fraud occurred. For example, in Illinois, the state agent listed twenty-two thousand acres as swamp, while a representative of the land office, upon investigation, found more than one-half of it to be dry land. In California, irrigation works were actually found on areas claimed as swamp. In Missouri, the agent for Monroe County selected thirty-one thousand acres, where there were fewer than three hundred acres of swamp land, and then went to Washington where, through a member of Congress and the late commissioner of the general land office, the entire thirty-one thousand acres were promptly and officially approved as swamp land. [69]

George W. Julian, of Indiana, chairman of the House Committee on public lands, said that under the Swamp Land Act some thirty million acres of the best lands in America were granted to four Gulf states and Arkansas, which were sold by them to speculators and politicians, at 10¢ to 80¢ per acre. [127]

The Land Commissioner reported, in 1866, that more than fifty-two million acres of agricultural lands in those states were being held unused by speculators—corporations and individuals—not engaged in agriculture; and that more than two-thirds of the population in that region were landless.

Notwithstanding New Mexico was a state of Mexico prior to the independence of Texas, the first Congress of the Texas Republic claimed New Mexico to be a part of Texas. Four years after being admitted as a state of the American Union, Texas exacted, and was paid, $10,000,000 for transferring to the United States government its claim to ninety-eight thousand square miles of land in New Mexico. This area was added to the public

domain. How much less than the full price was turned into the Texas treasury is not recorded.

At the same time, Texas claimed a hundred and twenty-three thousand square miles (more than seventy-eight million acres) lying outside its present bounds, being the southwest corner of Kansas, the central part of Colorado, a small portion of Wyoming and the present Oklahoma "panhandle."

Texas officials visioning a large block of ready cash, proposed that the United States buy this area, to be added to the public domain, and the purchase was made at a cost of $16,000,000, including deferred interest.

A half-section of land, 320 acres, was granted from the public domain to each adult, including women in their own name, who had settled in Oregon or New Mexico prior to 1850, and one-half that acreage went to those who settled there during the next three years. This absorbed 2,563,757 acres in Oregon, and 20,105 acres in New Mexico. At that time soldiers' land warrants were being offered by brokers in eastern cities at 60¢ per acre, or less than half the government price. [69]

Land speculators were a pest in the rich soil of Iowa, where an editor wrote: "The rage for land speculation is a great impediment to agriculture. It is a species of gambling and puts a stop to the pursuit of higher objects. It is a moral upas." The actual settlers were continually complaining of the land held unused by speculators, which increased in value only as they themselves toiled and improved the surrounding lands.

Huge sales of land from the public domain to speculators, on credit, just previous to 1857, brought on another financial crisis, as similar speculation had brought on previous panics and years of depression, beginning in 1795 with the failure of Robert Morris' colossal land projects. There followed in the same pattern the panics of 1819 and 1837, and this one of 1857, which began with the failure of the Ohio Life & Trust Company. Millions of dollars of its depositors' and policy-holders' money had been loaned by it to holders of idle land, and to promoters, to build railroads through unproductive regions to attract buyers of land.

The southerners were not at that period involved in inordi-

nate land speculation. The expanding market for their agricultural products during the Crimean War, and the threatening War between the States had absorbed their attention.

"While the panic of 1857 shook the North," wrote Percival Reniers, in *The Springs of Virginia,* "bringing northern bankers and mercantile houses tumbling, the people of the South felt the tremor, but hardly more. Their total income instead of dropping, went up. There had never been so many dollars' worth of cotton exported; the same was true of tobacco. The sugar plantations of Louisiana boiled twice as much cane as the year before and sold it at a good price. While the North was bogged, the South actually prospered." [123x]

A federal tax on real estate in 1861 produced a desired $20,000,000. A similar tax was levied in 1798.

These taxes on land and buildings were apportioned among the states according to population as provided in the federal Constitution.

Instead of levying the tax on land and buildings as provided in the acts, many states paid their small pro-rata from their general tax revenue.

State and municipal officials, to keep down their local tax rates formed the pernicious habit during the depression of the 1930's, and continue the practice, of going with their hands out to the national government for petty local expenditures.

In this way many states have sold their sovereignty to the national government, until now there is widespread complaint of centralized government at Washington, without reference to these hand-outs as important factors in causing centralized government.

Of all the heavily increased taxes levied for the war, land value is the only thing on which there has been no increased tax.

Not only could a surprisingly large part of the national revenue be raised by a federal tax on publicly-created land, or site-value, but it should be raised in this way. What is more, it would open unused land to employment and greater production and reduce taxes on all consumption. It is a common-sense method and should be adopted by the Ways and Means Committee as part of every revenue bill it presents in Congress.

The Free Soil Party, in 1848, strongly advocated granting free land for homesteads; as did the Free Soil Democrats four years later. Horace Greeley, both as a member of Congress and as editor of the *New York Tribune,* urged the granting of free homesteads to settlers. In 1849 he introduced a bill "to discourage speculation in public lands and to secure homes thereon to actual settlers." He declared that "every person needing land should have what land he can use," and that "no one should be allowed to acquire land to be held unused; and in that way banish the land speculator, or break up his pestilent occupation."

Opposition to free homesteads, or of legislation in any way to open the West to settlement, was maintained by many southern and eastern members of Congress; the southerners because by enticing poor whites to the West it would be injurious to the plantation system and the formation of free states in the West would impair maintenance of slavery; the easterners because it would draw population from the East, and population is what created and maintained eastern land values. Fur companies added objections because it would drive the fur-bearing animals farther away.

In 1860 the Republican Party declared in favor of free homesteads. Congressman Owen Lovejoy, of Illinois, an associate of Lincoln, stated that without the pledge of the Republican Party to support the Homestead bill the first election of Mr. Lincoln would have been impossible. [69] That generation was more land conscious than is the present.

For three-quarters of a century, Congress pursued a vacillating "penny wise and pound foolish" policy respecting the public domain; playing to the advantage of land speculators, many of whom sat in Congress, and holding land at prices—and until 1820 in tracts so large—that most pioneers who needed land for homes could not get it. Homestead bills had been before Congress almost continuously for sixteen years but not until after withdrawal of the southern members at the outbreak of the war was one enacted, in 1862.

This act offered a quarter-section (160 acres) free of cost to any adult citizen, or any who would declare intention of becoming citizens, and would locate and remain on it five years,

Settlers also could have an additional acreage, possibly adjoining, under the Timber Culture Act. Within three years, more than a hundred thousand settlers, including children, went to the Middle West and located on land under the Homestead Act.

Congressman Julian said: "The war between the states has been termed a 'slaveholders' rebellion,' but it was likewise a 'landholders' rebellion.' The chief owners of slaves had been the principal owners of the land; in fact, about five-sixths of the southern lands were owned by slaveholders who constituted only one fifth of the population." Further, "that if the Homestead Act for free land had been adopted in 1832, as suggested by President Jackson, instead of thirty years later, after the war began, slavery would have died a natural death, as the Homestead Act would break up land monopoly in the South." [127]

Granting land for encouragement of various quasi-public services was practiced early in the Colonial Period, when land was granted for establishing mills, ferries, water-power, ironworks, glassworks, tanneries and other desirable works; and some phases of that policy endured during the first century of the American government.

Between 1828 and 1862 there were three grants from the public domain aggregating 2,245,334 acres for river improvements in Alabama, Wisconsin and Iowa.

Between 1827 and 1866, Congress made ten grants aggregating 4,597,678 acres, for canals in Ohio, Indiana, Illinois, Michigan and Wisconsin.

Between 1823 and 1869, Congress made twelve grants aggregating 3,276,964 acres for wagon roads in Ohio, Indiana, Michigan, Wisconsin and Oregon.

In addition, up to 1939, grants aggregating 230,386,000 acres have been made to all the states.

Of the last named, thirteen million acres were granted to the states by the Morrill Act, in 1864, in the proportion of thirty thousand acres for each senator and representative, for establishment of Agricultural and Mechanical Colleges in each state. This was an illogical basis of distribution (as has occurred in other instances of Federal distributions) which, by including senators, gives an unequal national per capita distribution.

Of the area received, the states granted 36,224,991 acres for railroad promotion, and the remainder for schools, various institutions, prisons, salt-springs, parks, game-preserves, fish-hatcheries and internal improvements.

The earliest federal grants to promote railroads were in 1850, when 2,595,053 acres were granted for the Illinois Central Railroad, 670 miles in length, and 1,156,658 acres for the 493 miles of Mobile & Ohio Railroad. The grant for the latter was the inducement for the southern members to vote the two grants. These grants brought numerous petitions for other railroad grants.

The Illinois Central railroad project, especially, was generally considered at the time as a land-jobbing project (as in fact were all the western land-grant railroad promotions). The Illinois promoters sold the land to speculators and settlers at a final average of $11.70 per acre, which produced $30,000,000, or six-sevenths of the cost of the road, [69] and the promoters held the stock and most of the proceeds from the sale of the bonds issued by the railroad company.

Thomas Benton, member of Congress from Missouri, urged Congress to build the proposed railroad to the Pacific Coast as a national work. By 1853, Stephen A. Douglas, an Illinois Senator of great power and persuasiveness, "had convinced every one" that the Pacific railroad should be built by private enterprise through grants of land from the public domain. [89]

Acts of Congress obtained by methods of bribery, granted, in 1857 alone, six million acres in Minnesota to various railroad promoters. Within twenty years, land in Minnesota was selling at $2.50 to $5.00 per acre.

The Western Union Telegraph Company built a telegraph line from Omaha to California in 1861, for which it received a grant of 160 acres for every fifteen miles constructed; in addition to a twenty years' government cash subsidy.

Land grants to promoters of railroads in Iowa exceeded four million acres, in the projection of which John I. Blair, of Blairstown, New Jersey, was the predominating figure. One-eighth of the public domain in Iowa was granted to promote railroads, most of which were owned by Blair. [107]

From 1850 up to 1871, when the last railroad grant was made, Congress granted to promoters of seventy-two railroads, 94,239,000 acres, in addition to the 36,224,991 acres granted by the states, which latter had been part of the public domain.

In grants of land to western railroads, it was provided that the land should be agricultural, coal or iron land. But by fraudulent surveys, assented to by dishonest public officials, other valuable mineral lands were often obtained by the grantees, with all the gold, silver, copper, and oil under them, and all the timber and stone above them, with all harbor rights and franchises. In addition, there were donated to the promoters of some of the roads many millions of dollars in state and municipal bonds and cash.

While all lands, bonds and cash were granted ostensibly to the railroad companies, they were in reality given or transferred to the promoters, who organized either as construction or as land companies—or both.

The method by which a railroad to the Pacific Coast should be financed was discussed in and out of Congress for many years. Only after withdrawal of the southern members, who were in opposition, were bills for construction of the road passed by Congress, in 1862 and 1864.

These bills granted to the promoters free right-of-way and 19,457,000 acres of land, for main line construction of the Union Pacific and Central Pacific railroads, together with a loan to the Union Pacific promoters of $27,266,000 United States Government 6 per cent bonds, on which the accrued interest for the thirty years period of the loan (paid semi-annually by the government) amounted to $49,025,721; and a loan of approximately the same amount of bonds and accrued interest to the Central Pacific promoters.

The first issue of these government bonds was not made until the year after the close of the war. Apparently trustworthy statements were made that practically all the funds used in construction of the roads, and a large profit to the promoters, came from the proceeds of these government bonds and from the bonds of the railroad companies, issued as construction progressed, and

from municipal donations, and from sale of land and company stock.

Notwithstanding that the public debt of the government was large, as a result of the war, these bonds were bought by investors. Had the railroad company bonds been secured by a first lien on the railroads, instead of by a second lien, and offered for sale for construction of the roads by the government, unquestionably an amount sufficient to have paid fully for the roads, and at a lower rate of interest, would have found buyers both at home and abroad. Thus could have been avoided the wasteful grant to the promoters of more than nineteen million acres of land from the public domain, and most of the $98,000,000 of interest paid on the bonds loaned the promoters.

Engineers, just then released from the army, were available for railroad construction. There could have been no valid reason why the government, from the sale of these bonds, could not have built the road as a public work, as Senator Benton had advocated fifteen years previously, and just as the Panama Canal was afterwards constructed by army engineers. In construction of the canal there was never a charge of fraud or incompetency.

To avoid graft and political job-holding, construction of the road could have been done by sectional contracts, with reliable contractors. All the frauds, waste, public scandals and ruined reputations which accompanied construction of, especially, the Union Pacific railroad, could in that way have been avoided.

The central trans-continental railroad was completed when a golden spike was driven near Ogden, May 10, 1869. Oakes Ames, of Massachusetts, a wealthy and forceful member of Congress, was the wheel-horse in the building of the Union Pacific railroad. In his enthusiasm for the project he unwisely solicited some members of Congress to buy stock in the Credit Mobilier Company of America, owned by the promoters, which had the contract for building the road—not from need of any small capital thus obtained, but to secure their support in Congress of any future desired legislation concerning the undertaking.

For this he was expelled from Congress. Many members apologized to him for thus voting to satisfy a public clamor. Without

the energy and enthusiasm of Oakes Ames completion of the railroad as a corporate undertaking, no doubt, would have been delayed many years.

Two years after making the grant for the first Pacific railroad, Congress granted to Josiah Perham, a Boston wool-merchant, and associates, a charter for the Northern Pacific Railroad to connect Duluth, on Lake Superior, and Puget Sound; with a grant of, ultimately, 43,150,330 acres of the public domain.

Jay Cooke, of Philadelphia, held forty thousand acres of land near Duluth, which was the lodestone which induced him, in 1870, when others had failed, to take up the financing of the Northern Pacific road. This led, three years later, to the collapse of his financial house, and of the railroad company, which inaugurated the memorable panic of 1873.

At that period, coal, iron, copper and zinc lands, and western land grants, were largely held by incorporated stock companies, the shares in which were dealt in on the stock exchanges, and became objects of widespread speculation.

On the day of the Jay Cooke failure, these shares dropped in price so suddenly and sharply that banks and prominent brokerage houses collapsed like pins in a game of ten-pins.

On the street, within the shadow of the stock exchange, some men wept and some attempted suicide at the realization of their financial ruin.

I saw all this, as I was in the midst of it and it made a lasting impression.

Eminent citizens who had survived the catastrophe endeavored, in newspaper interviews, as is usual at such times, to assure the public that the natural resources of the country were so vast that there would be a speedy recovery.

These natural resources came into possession of private holders through colonial proprietary land grants, descending from one generation to another. Succeeding generations have leased or sold them to corporations and they to larger corporations, on royalties per ton of minerals extracted, or at increasing ground-rents.

These increasing royalties and land rents, with added charges at monopoly prices, are exacted of all industries using coal or

processing the minerals. Since the charges are passed on to the consumer, chambers of commerce and industrialists have not yet awakened to these inflated underlying charges as a decided curb on purchasing-power, and consequently on all business.

Following the panic, eighty-nine railroad companies fell into receiverships, and building of new railroad mileage was largely suspended, throwing half a million men out of work. Nearly three hundred of our approximately seven hundred iron and steel plants closed. In the year of the panic, five thousand commercial houses failed; 5,830 failed the following year; 7,740 in 1875; 9,092 in 1876; almost 9,000 in 1877, and 10,478 in 1878. [IX]

Not until six years after the panic, in 1879, was there a glimmer of resuscitation. Meanwhile, there was a most distressing period of business depression, unemployment and abject poverty.

Had the Securities and Exchange Act been enacted years prior to the panic, instead of nearly two-thirds of a century afterwards, there would not have been the inducements and opportunities for the fraudulent practices in the creation of fictitious stocks and bonds, weak credits, and heartless stock-market manipulations, which accentuated this and all subsequent panics, previous to its enactment in 1934.

Meritorious as this act is, it has many opponents who, aiming to get wealth without work at the expense of others, are sitting on the side-lines, sharpening their knives to emasculate it at the earliest opportunity.

Completed in 1883, the cost of building the Northern Pacific Railroad was stated as $70,000,000, most of the funds having been supplied by the investing bondholders in the United States and Europe.

The land grant was transferred to a land company, organized and owned by the promoters and the railroad company shareholders. Subsequently, over the years, there has been realized from the sale of this land $136,000,000—or about twice the cost of the railroad—and in 1939 there were 15,838,105 acres of land remaining unsold.

As late as 1940, more than half a century after completion of the road, the Northern Pacific Railway Company, acting for the land company, in a suit in the United States Supreme Court,

was claiming an additional 3,900,000 acres, against which the government charged that the company had fraudulently obtained from the public domain several million acres of valuable mineral and timber lands, to which it was not entitled by the terms of the grant.

The Northern Pacific Railroad could have been built by the government in the same manner as that suggested for building the first Pacific railroad, thus saving forty-three million additional acres of the public domain.

The land-grant railroads were required to transport government freight and passengers on government business at specified reduced rates—a minor credit.

The builders of many of the western land-grant railroads did not adhere to good construction, or to straight lines, when laying the tracks over level prairie and desert lands, but often laid them meandrically, as I observed in traveling over them at that period. The promoters thereby obtained increased mileage, on which to collect a greater acreage in land grants, and an increased amount of railroad company bonds—which were issued to the promoter's construction companies at from $15,000 to $25,000 for each mile of road constructed. The railroad company bonds were sold by the construction companies to eastern and foreign investors.

The proceeds of the sale of company bonds and stock that remained, after building the roads as inexpensively as possible, became the promoters' profit, which generally was very large.

Within less than fifteen years after they were built, most of these roads, overburdened with interest charges on bonded debts and high operating costs because of poor construction, became bankrupt, and thousands of miles of road had to be straightened, shortened and rebuilt. The operations were carried out through receiverships and financial reorganizations, at great loss to the bondholders. But the land companies continued solvent and profitable.

Gustavus Myers, in his *History of the Great Fortunes,* wrote: "Whatever superficial or partial writers may say of the benevolent origin of railroads, the fact is that railroad construction was ushered in by a widespread corruption of legislators. That Con-

gress, not less than the state legislatures, was honeycombed with corruption is all too evident from the disclosures of many investigations, and not only did promoters of railroads loot the public domain in a gigantic way, under forms of law, but they so craftily drafted the laws on the subject of both the nation and the states that fraud at all times was easy." [107x]

Up to 1879, nearly three thousand acts of Congress relating to the public lands had been codified. Of the more important acts were the Military Bounty Land Acts of 1812–55; Pre-emption Land Acts of 1830–41; Townsite Land Act, 1844; Mineral Lands Acts, 1846–7; Swamp Land Act, 1850; Railroad Land Grants, 1850–71; Graduation Land Act, 1854; Homestead Act, 1862; Morrill Land Act, 1864; Timber Culture Act, 1873; Desert Land Act, 1877; Timber Cutting Act, 1878; Timber and Stone Land Act, 1878; following which were the Coal Lands Acts, of 1909–10.

Valuable copper and iron-ore lands in the public domain in the Great Lakes regions, some of which years later were appraised as worth $50,000 per acre, were in the early 1880's obtained by land company promoters at $1.25 per acre through the fraudulent method of dummy entries.

A tract of six hundred acres of mineral land in Idaho was granted at $5 per acre ($3,000), from which, in twenty years, $900,000,000 worth of copper is stated to have been produced. It is now owned by the Anaconda Copper Mining Company.

An agent of the Land Commissioner's Office, in Dakota Territory, in the 1880's, reported that fully 75 per cent of the land entries under the prescription (pre-emption) laws were for speculative purposes, instead of for homes or cultivation as the law required; the claimants then selling their allotments to speculators. The land commissioner reported that in California 95 per cent of the entries under the Desert Land Act were tainted with fraud.

Before and during the 1880's large areas of land in the West were bought on speculation, by wealthy Americans and foreigners. Among the latter were Lord Dunmore, who bought a hundred thousand acres, and the Duke of Sutherland, five hundred thousand acres. One German company possessed a million acres, and two English syndicates acquired seven million acres

in Texas. In all, twenty million acres were obtained by foreigners. [77]

The great tracts were obtained for the purpose of having a first lien, in the form of land rents, on the earnings of hard-working American farmers, and of reaping the unearned increment in land values, to be created by the inevitable increase in population in the western country.

The unearned increment was more attractive than the earned increment, but there was always present the feeling against the unearned increment accruing to the absentee landholder. [69] Even William Penn, the most noted land monopolist in America and a beneficiary of the unearned increment, recognized and wrote of the injustice of it, as quoted in the chapter on Pennsylvania.

Spoliation of the public domain was one of the chief grievances of the Greenback-Labor Party in 1880.

A special committee of Congress, in 1883, reported: "The present land laws seem to invite fraud. You cannot turn to a single state paper or public document where the subject is mentioned, from a message of the President, to a report of the Commissioner of the Land Office, but what statements of 'fraud' in lands are found."

A little later, Commissioner Sparks—one of the very few incorruptible commissioners of the United States Public Land Office [107], stated: "The near approach of the time when the United States will have no land to dispose of has stimulated the exertions of speculators and promoters to acquire outlying regions of public lands in mass, by whatever means, legal or illegal."

He further stated: "An English firm had fraudulently obtained ten thousand acres of the choicest redwood lands in California, estimated to be worth $100 an acre, an aggregate value of $10,000,000.

"In the same manner extensive coal deposits in the West have been acquired in mass through expedited surveys followed by fraudulent pre-emption. Nearly the whole of Wyoming, and large portions of Montana, nearly all of Colorado, and the very best cattle portions of New Mexico, the rich timber lands of California, the splendid forest lands of Washington and the principal

part of the extensive pine lands of Minnesota have been fraudulently seized in the same way.

"To enable the pressing tide of western immigration to obtain homes upon the public lands now appropriated these should be wrested from illegal control."

The natural result of these official statements was that the land-grabbing interests made great exertions to get Sparks removed from office. After his removal, they resumed complete domination of the Land Commissioner's Bureau. [107]

President Cleveland, at the close of his administration in 1897, stated that eighty million acres had been rescued from illegal usurpation, improvident grants and fraudulent entries and claims.

But not much of this was agricultural land. The usurpers had sought only the more valuable mineral, forest and range lands, and water-power sites.

The United States Land Office, established in 1812, has six thousand volumes of field notes, and records of more than six million patents, filed on shelves two and a half miles long.

The public domain was increased during the 1800's to nearly 2,000,000,000 acres. By 1940, it was reduced through sales and grants, to 402,104,000 acres in continental United States, and 348,000,000 acres in Alaska. All that remains in the former has been withdrawn from settlement.

To meet the demands of the increasing population for farms, most of the remaining desirable agricultural land, and much that was decidedly undesirable, was disposed of by the government during the 1880's, and at the same time a large farm tenant class was developing.

During the early 1900's many thousands of American farmers migrated to western Canada—a portentous movement significant of the straits to which the American farmer had been driven. [107]

Free homestead allotments of 160 acres offered in the dust bowl region of western Nebraska not finding acceptance, the sites were, in 1904, increased to 640 acres. Within ten years, only about 250,000 acres remained untaken of the original seven million offered on those terms. Pressure of increasing population against

a fast-diminishing proportionate area of usable land was the impelling motive.

On much of the land in the Dakotas, Nebraska and Kansas, which had been granted as free homesteads, numerous pioneer families lived in sod huts, there being no trees for log cabins as there had been for the earlier generations of pioneers, who settled between the Atlantic seaboard and the Mississippi.

The growing seasons alternated between the wretched conditions of the "dust-bowl" cyclones and the crop-destroying grasshoppers, which prevented the homesteaders earning their living.

With the hope of carrying over to better times, country bankers anxious to collect indebtedness due them from farmers, and pseudo-financiers, easily induced widespread creation of farm mortgages, at bankruptcy rates of interest, discounts and commissions. Sale of these mortgages to confiding eastern investors, during the latter part of the 1880's, became big business, followed by defaults and foreclosures of mortgages, which brought distress to thousands of investors, and agonizing hardships to the pioneer families.

One-fourth of all farms in the United States in 1890 were cultivated by men who did not own the land, and, even more impressive, there were 3,323,876 farm laborers who did not even rent land. It is probable that 40 per cent of those who did own farms held them on mortgage, the interest on which was equivalent to rent. [107]

As a consequence of absentee and speculative landholding in the more productive areas, tenant farming has steadily increased. The 1940 census showed that 2,361,271, or 38 per cent, of all farms in the United States were operated by tenants, as compared with 25 per cent sixty years previously. During the ten years between 1930 and 1940, in North Dakota, tenant farms increased from 35 per cent to 45 per cent of all farms, and in South Dakota, from 45 per cent to 53 per cent. In Kansas and Nebraska, 45 per cent of all farms are tenant farms. In Iowa, 47 per cent, while in some of the southern states, 60 per cent of all farms are tenant operated.

High prices for farm products, with wheat at $2.51 per bushel, during the First World War brought further inflation in all land

prices, and farm mortgages doubled in amount. Farm lands in Iowa which the government had granted at $1.25 per acre, or as free homesteads, were, with improvements, being bought on mortgage at $400 or more per acre. The formula of the day was: "Buy more land, to raise more corn, to fatten more hogs, to get more money in Chicago to buy more land."

Insurance companies, with all the assumed financial wisdom of their officials, bought tens of millions of dollars worth of western farm mortgages, based on inflated land values, practically all of which defaulted when the boom collapsed, and were foreclosed.

There being no buyers, the insurance companies took the land and have become motorized farmers on large consolidated areas.

The great American frontier, with easy access to land, being at last gone, the foreclosed native farmers, with their families, have been driven to become "Okies"—migrants over the face of the earth.

Mark Sullivan, writing in *Our Times* in 1926, of the social and political discontent arising from disappearance of free land, said: "The free land had been for a hundred years the outlet for restlessness, the field of ambition. When that came to an end, restlessness turned in upon itself and fermented into something a little bitter . . . So long as there was free land, every man had the opportunity to create new wealth for himself by the simplest and oldest means known to mankind. With the end of free land, American men for the first time had occasion to look with envy upon the wealth of others, or with jealous scrutiny upon how they acquired it. The end of free land was the beginning of those political issues which had to do, in one form or another with 'dividing up,' or with curbing those who had much. . . . the rise of labor-unions and the treatment of them by corporation employers. The average American dwelt more upon causes that proceeded from persons or corporations. There were such causes. But they were minor compared to the ending of the supply of free land." [143x]