

Chapter 9

The Early Public Land Administration— Town-Jobbing and Land Engrossment

When the year 1800 ushered in a new century, the land mania in America was at its ebb. Those who participated in it, if not already bankrupt through their wild speculations, were compelled to hold their acquisitions or proceed slowly to dispose of tracts at retail. The tendency, for a short time, was toward land acquisitions on a smaller scale.

This move was fostered by a change in the national land policy. As already noted, Congress, after the disappointments of the Ohio grants and the meagerness of revenue from public land sales, provided for sales in small allotments instead of large tracts. Through the suggestion of General William Henry Harrison, son-in-law of John Cleves Symmes, who had resided as the military commander in Ohio, Congress in 1800 passed a law reducing the minimum acreage allotted to single purchasers from 640 acres to 320 acres. Four years later this was further reduced to 160 acres; i.e., a quarter section. The minimum price of public land was set at \$2.00 per acre regardless of the quantity purchased, and payments could be made in installments covering four years. To facilitate sales to all comers, land offices were established at accessible places in districts where surveys had been made and the lands were opened up for settlement. The principal offices at this early period were in Cincinnati, Chillicothe, Marietta, and Steubenville, Ohio. These served the Ohio country. Whenever a new tract was opened up for settlement, a public auction of sections and half sections was held for a period of three weeks. In this way the choicest tracts were expected to be picked up under competitive bidding. Thereafter the un-

sold portions could be obtained at the minimum government price.

The lure of fertile sections in the new "ranges" drew actual settlers to the West. Of course the private land companies and individual speculators continued to offer their lands, but they had to meet the competition of the government land offices. The prospect of fancy profits in private land deals was thus considerably reduced. It was only through "townsite" jobbing and the construction of internal improvements that a lively interest in land speculation could be maintained.

Town-Jobbing on Public Land Sites

Thus speculation in public lands, though declining somewhat in the early nineteenth century, did not cease, but took a different course. What was commonly called "town-jobbing" in those early days became the new form of land-grabbing. Choice sites for communities became the land speculator's dream. Whenever a government land office opened up a new district for settlement, businessmen, surveyors, lawyers, politicians, territorial officers, and others scrutinized the maps in the hope of discovering the possibilities of a favorable townsite. When some one of these decided that a certain section or half section was a desirable location for a town, they sought to pre-empt it. If they learned that others were after the same site and would offer competitive bids, they would endeavor to buy them off or swap bargains with them. Thus bribery and corruption became rife in public land disposals. Town-jobbing became a common practice.

The important beginnings of town-jobbing west of the Alleghenies can be traced to the large Ohio grants described in the previous chapter. All three of the principal "companies"—i.e., the Ohio Associates, the Symmes Purchase, and the Connecticut Land Company—laid out towns. The Ohio Associates founded Marietta; Symmes selected the site of Cincinnati; the Connecticut proprietors laid out the "village" of Cleveland. All these towns were divided into squares and lots. The central part of the town plot was composed of "in-lots" and the surrounding sections were designated as "out-lots." Both classes of lots were generally offered for sale simultaneously.

When Symmes thought he had done a good job with Cincinnati, he

encouraged Jonathan Dayton, Governor Arthur St. Clair, and General James Wilkinson to select a site (which he believed was within his grant) for the town of Dayton, Ohio. In-lots in this town Symmes sold in Cincinnati at \$10 per lot. Out-lots generally sold proportionately for less, but as the town boomers usually owned the surrounding land, the success of the town project meant also an enhancement of the price of the surrounding agricultural lands which were held by the same proprietors.

The institution of fee ownership of land in the public domain—the property of all the people—was established by law, and because of the prevailing *mores*, no questions seem to have arisen then regarding its postulates. Land increased in value as settlers made homes and farms in particular locations. But this increased value did not accrue to the people in common. It was largely appropriated by the speculators, who sold their holdings piece by piece as they were able to do so at higher prices.

From such beginnings originated the townsite mania. It has continued with very little interruption in the country ever since. It is now the leading form of land speculation. However, some towns in the Ohio country were established by colonizing groups, notably from New England. The Licking Land Company, formed in 1804 by residents of Granville, Massachusetts, was but one of several ventures of this kind. The participants in the company bought part of a tract in Ohio reserved for holders of military warrants, which warrants they acquired from the original owners. They then moved as a caravan across Pennsylvania into the Ohio Valley and took possession of their purchase in 1805. Two years later they formed Granville township and in its middle laid out a town “with 100-acre farms around it.”¹

With few exceptions, however, the aim of town building in the Old Northwest was to promote a profitable real estate transaction and not to serve as a land-settlement project. “Gain! Gain! Gain!” exclaimed Morris Birkbeck, an Illinois pioneer from Britain, who journeyed through this region in 1817. “Gain! is the beginning, the middle, and

¹See Hubert Howe Bancroft, *Retrospection*, p. 77. Also *The Old Northwest Genealogical Quarterly*, Vol. 8, p. 241.

the end, the *alpha* and *omega* of the founders of American towns; who after all are bad calculators, when they omit the important element of salubrity in their choice of situations." He noted that, wherever there was a small cluster of houses, a town was laid out by someone who named it after himself and who sold lots at auction.²

The founding of Toledo, Ohio, on Lake Erie may be taken as a typical example of early land-jobbing. Located at the mouth of a sluggish stream, the Maumee River, the site was originally purchased from the government in February 1817 by two groups of speculators from Cincinnati, each of which began laying off lots on opposite sides of the river. One group, because of some unknown association, named its side Toledo; the other "town" was called Port Lawrence. The two rival land promoters began selling lots at about the same time. In order to avoid competition they soon combined as the Port Lawrence Company. But they attracted very few purchasers and as they failed to make the final payment to the government, the land was forfeited. In 1821, however, the surviving promoters succeeded in making an arrangement with the land office whereby they received back a part of the original purchase (the Toledo side). They again advertised their "town lots." This time the venture was more successful. It did not begin to thrive, however, until the boom days prior to the Panic of 1837. The townsite on the opposite side of the river was then also revived, and the lots, which had been neglected for almost twenty years, were again put up for sale.³

An English traveler, Joseph Briggs, whose diary was discovered about three decades ago, thus describes land-jobbing in the Northwest at this period:

A speculator makes out a plan of a city with its streets, squares and avenues, quays and wharves, public buildings and monuments. The streets are lotted, the houses numbered, and the squares called after Franklin or Washington. The city itself has some fine name, perhaps Troy or Antioch. This is engraved and forthwith advertised and hung up in as many steamboats and hotels as the speculator's interest may command. All this time the

²*Notes of a Journey in America* (London ed.), p. 69.

³See Clark Waggoner, *History of Toledo, Ohio*, pp. 370-72.

city is a mere vision. Its very site is the fork of some river in the far West, 500 miles beyond civilization, probably under water or surrounded by dense forests and impassable swamps. Emigrants have been repeatedly defrauded out of their money by transactions so extremely gross as hardly to be credited.

Thus we can see that from the very beginning of our public land policy real estate speculation in the form of "town-jobbing," an evidence of the desire to gain the advantage of the unearned increment in land values, was an active and important occupation. Though it may have hastened settlements in unoccupied regions and induced population growth and concentration, it was accompanied by a regime of dishonesty, moral laxity, and political corruption. It interfered with the natural course of the westward movement of population and led to developments which produced poverty as well as riches. Had Congress and the Executive Branch of the federal government taken proper measures to forestall speculation and retain for the people the increased land values arising from the march of civilization within the public domain, the cost to the public would have been less and the benefits to all the people would have been much greater. Economic progress may not have been as rapid or as feverish, but the periods of "boom and bust" would have been less. On the whole, the nation would have had a more orderly and stable development. There would have been less economic distress and a more equitable distribution of wealth.⁴

Early Public Land Engrossment

Because of the wide prevalence of town-jobbing in the early period of public land disposal, it must not be thought that there was little or no engrossment of large areas by private interests. There was plenty of it. It did not, however, have the "wholesale" or political character of the colonial or early post-Revolutionary land deals, nor did it involve as many persons of social and political prominence. However, there were opportunities for engrossment of large tracts, with a view to resale at enhanced values.

⁴For further data on this topic, see Beverley Bond, Jr., *Civilization in the Old Northwest*.

The principal method of engrossing large tracts was through the purchase of soldiers' land warrants. Both the federal government and the states set aside tracts of western land as soldiers' bounties. To the claimants of these bounties they issued negotiable warrants. By buying up these military land warrants generally at a discount, individual speculators could acquire large areas, and some capitalists took advantage of these land-grabbing opportunities. Some were absentee owners—notably New Englanders—others were local promoters who took advantage of the adversity of the pioneers.⁵

An outstanding personality in the speculation in Ohio lands was General Duncan McArthur, one of the early governors of the state. A surveyor and Indian fighter, he assisted General Nathaniel Massie in 1796 in laying out the town of Chillicothe, one of the most successful town-jobbing ventures in early Ohio. While still occupying a log cabin in Chillicothe, he began surveying and locating lands in the Virginia Military Reserve. He soon acquired a reputation for land-jobbing superior to any others in the area. Through accumulation of Virginia military warrants, he was able to reap the advantage of his personal knowledge of the most fertile and accessible sections. Fortune favored his land speculations, though he was subjected to numerous lawsuits regarding his land titles. He became, by far, the largest landholder of the Scioto Valley. Entering politics, he joined General Hull in the defense of Detroit in the War of 1812. Paroled after the surrender of the post to the British, he later became a major general of militia and was a successor of General William Henry Harrison as commander of the forces in the Northwest Territory.

Following the War of 1812, McArthur continued his land-grabbing, and in these transactions he is said to have taken as much pride as a general who outmaneuvers his adversary on the battlefield. Though held in contempt locally as a "land-jobber," he was elected a congressman in 1824 and governor of Ohio in 1830. McArthur's biographer, his brother-in-law, referring to his land deals, states that "his conduct is not worthy of imitation, and though he acquired great wealth, it

⁵For a short statement of the interest of New England cotton manufacturers in western lands, see Caroline F. Ware, *The Early New England Cotton Manufacture*, p. 159.

brought to him more vexations and enemies than all the other acts of his life."⁶

Chillicothe, General McArthur's home town, and Cincinnati, Ohio, and Lexington, Kentucky, were the chief centers of land speculation in the Old Northwest during the first three decades after 1800. In this section the unoccupied public lands were rapidly being taken up. The New Englanders were settling along the borders of Lake Erie, Virginians and Pennsylvanians were taking up the southern areas, and foreign immigrants were pre-empting half sections or buying from speculators throughout the whole region.

As in former years, both settlers and speculators conducted their operations on a credit basis. Farms and town lots were sold "on liberal terms," and "wildcat" banks were organized in villages and hamlets to afford loans. The Second Bank of the United States, which was chartered in 1816, did a large business in granting loans secured by mortgages on land. At one time, it is said, it had under pledge almost all the area in and around Cincinnati. In 1823, defaulted real estate loans in that city alone exceeded two million and a half dollars. When interest was regularly paid, the debtors were not disturbed. But when arrears accumulated, the mortgages were foreclosed and the property sold, only to be repurchased by the bank.

All this brought on bitter political opposition in the Ohio region to "Nicholas Biddle's Money Monopoly" and aided in finally defeating the bank's request for a renewal of its charter. Voicing the western sentiment against the bank, Thomas Hart Benton exclaimed in the United States Senate: "I know towns, yea, cities . . . where this bank already appears as an engrossing proprietor. . . . All the flourishing cities of the West are mortgaged to this money power. They may be devoured by it at any moment. They are in the jaws of the monster! A lump of butter in the mouth of a dog! one gulp, one swallow, and all is gone!"⁷

Individual capitalists, as well as banks, engrossed large areas obtained from distressed real estate debtors and public land purchasers. Foremost

⁶John McDonald, *Biographical Sketches of General Nathaniel Massie, General Duncan McArthur, etc.* . . . This book was published in 1838, one year before McArthur's death.

⁷See Ralph C. H. Catterall, *The Second Bank of the United States*, p. 67.

among these who became rich buying up the holdings of distressed speculators was Nicholas Longworth, whose grandson was to become well known as Speaker of the House of Representatives. Coming from Newark, New Jersey, to Cincinnati in the wake of Symmes' settlers, Longworth took up the practice of law. From the beginning of his career he displayed confidence in the future of his adopted city. He bought up every piece of land and every town lot that his cash permitted. On one occasion (so the story runs) he defended a man accused of horse stealing. His client had no cash but offered in payment of legal services two secondhand copper stills in the possession of a friend. Longworth learned that the friend had a lot of several acres near the city and proposed that this be transferred to him in lieu of the copper kettles. The substitution was gladly made. On this transaction alone Longworth made a fortune, for in 1856 the "kettle land" was estimated to be worth two million dollars. His other property, extending from Hamilton to Sandusky, Ohio, was worth still more. When he died in 1863 he was reputed to be the richest real estate owner in the United States, with the possible exception of John Jacob Astor in New York City.

The Prairie Regions Opened Up!

In the course of a few decades following the first settlements in Ohio and Kentucky, unappropriated public lands were rapidly taken up and a considerable portion converted into farms. As the Indians were pushed back through warfare and treaties and the areas were surveyed and opened to public disposal, land-jobbing moved westward into Indiana and the Illinois country. Here was a different type of soil and topography—the prairie. Strange to relate in these times, "grass lands" were not looked upon favorably by the early American cultivators. Any ground that could not grow trees was regarded as of little value and was passed over even by those who selected homesites east of the Alleghenies.

This prejudice had to be overcome. It was a handicap to the spread of western land-jobbing. When it was proven, however, that bountiful corn and wheat crops could be raised on the Illinois lands without the

difficult preliminary work of clearing and grubbing, and when sleek cattle thrived by feeding on the native grasses, the ancient prejudice departed. Settlers and land speculators began to move into the fertile plains beyond the Mississippi and Illinois rivers. This area, just prior to the Revolution, had been pre-empted by a group of politicians and Indian traders who formed an association known as the United Illinois and Wabash Land Companies. They claimed title through purchase from the Indians. Though they never received British or congressional approval of their claims, they offered for sale shares in the venture both at home and abroad. Despite their repeated petitions to Congress, which began even before the Revolutionary War ended, they failed to have their claims validated and never gained title to the territory.⁸

It was largely to offset claim to the region by the British and to obtain more territory for Virginia that this state equipped the George Rogers Clark Expedition, which drove out both the Indians and the British. In 1780 the Virginia authorities established a court at Vincennes (then a well-established French settlement) which assumed the right of granting lands to every applicant whom they approved. These claims to "granted lands" became a troublesome problem after Virginia surrendered the region to the federal government.

The members of the court set up by Virginia were naturally kind to themselves. "An arrangement was made," notes William Henry Harrison in 1802, "by which the whole country, to which the Indian title was supposed to be extinguished, was divided between the members of the Court." Most of these, however, abandoned their supposed acquisitions in a few years because of lack of purchasers. However, when the actual settlement of the region began after 1800, the claims of these "grantees" were bought up by speculators who infested the western country. These resold to others in different parts of the United States. "The price at which the land is sold," wrote Governor Harrison to James Madison, "enables anybody to become a purchaser; one thou-

⁸Several prominent men of the Revolutionary period were partners in the Wabash-Illinois land scheme. Among these should be mentioned Robert Morris and James Wilson of Pennsylvania and Silas Deane of Connecticut. Deane, while an agent for the Continental Congress in France, endeavored to sell shares in the project both in France and England.

sand acres being frequently given for an indifferent horse or a rifle gun." But whatever price purchasers paid, they actually received nothing, for their claims were never recognized by Congress.⁹

However, the title to lands along the Kaskaskia River, which were held by French settlers before the Revolution, was upheld by Congress. Most of these settlers had abandoned the territory after the United States acquired it. As might be expected, they sold their land titles for almost nothing. These titles were bought up both by resident and non-resident land-grabbers. Among the purchasers were such prominent men as William Henry Harrison, General Arthur St. Clair, first governor of the Northwest Territory; John Edgar, merchant of Illinois; William Morrison, and Nicholas Jarrot. The claims of these and others gave Congress a mess of trouble over a period of years. Out of a total of 2,294 claims presented, 1,171, or about one half, were confirmed.¹⁰

Early British Speculations in Western Lands

The rapid economic development of the Old Northwest and the consequent rise in land values there, as in the East, did not fail to attract European capitalists. The British were the principal participants. Of course during the Napoleonic Wars the British could spare little capital to be sent abroad. But conditions were different after 1815. The London banking house of Barings kept up close business relations with American firms, though they avoided large commitments in American lands. But they acted as agents and advisers of Englishmen, who desired profit and riches from rising American land values. How much capital was invested by British speculators in American soil in this period may never be known, but there is much evidence that British speculative interest in American growth and prosperity was greatly aroused in this period, and, along with the Americans in the East, British capitalists in this period employed agents to acquire both agricultural and urban real estate in the newly settled sections of the public domain.

The interest of the British in western lands was stimulated by a number of publications that circulated in that country. Some of these were

⁹See *American State Papers*, "Public Lands," Vol. I, p. 123.

¹⁰*Ibid.*, Vol. II, *passim*.

favorable, some unfavorable. Among those who influenced British interest in western land settlements were Morris Birkbeck and his partner, George Flower, a well-known English writer on rural economics. Both Birkbeck and Flower attempted to establish permanent colonies in the Illinois country. But both were disturbed and handicapped by land-jobbers. "Land-jobbers traverse this fine country," Birkbeck wrote, "like a pestilent blight. Where they see the promise of a thriving settlement, from a cluster of entries being made in any neighbourhood, they purchase large tracts of the best land, and lock it up in real *mortmain*, for it is death to all improvement."

One of the greatest calamities to which a young colony is liable is this investment of the property of non-residents, who speculate on their prosperity, whilst they are doing all they can to impede it. . . . This holding back from civilization millions of acres, tends to scatter the population of these new countries; increasing the difficulties of the settlers manifold. . . . The western states are suffering greatly from this evil.¹³

Summary

The first four decades of the disposal of public lands were, as already indicated, a period of good intent, accompanied by a lax administration of the laws, a wild scramble for land engrossment, the beginnings of unscrupulous town-jobbing schemes and an open field for political waste and corruption. In these decades the European immigration and the westward movement of population which the colonial speculators had prematurely expected began to take place. The filling-in process was mainly fostered by a pioneer spirit rather than a leadership of wealthy and politically prominent promoters. But the factor of speculation, the desire of pecuniary gain from the unearned increment in rising land values, created by the advance of civilization, was prominent throughout this era, as in earlier and later eras of the Republic. This factor impeded the original intention of Congress to foster actual land settlement. Large tracts of the public land were acquired and held by

¹³See Morris Birkbeck, *Letters from Illinois*, also George Flower, *History of the English Settlement in Edwards County, Ill.*, and William Faux, *Memorial Days in America*. For data on interests of British capitalists in American land projects, see also Leland Jenks, *The Migration of British Capital*.

non-residents who, for the most part, neither tilled it nor otherwise improved it. Goaded by repeated outcries against this situation, Congress, despite the political opposition of southern political leaders, finally, in 1841, passed the Pre-emption Land Act. In the meantime, however, there had been added to the U.S. territory the vast area of the Louisiana Purchase and the peninsula of Florida. Most of these territories comprised unoccupied lands. The story of Louisiana land disposal, therefore, will next be taken up.¹²

¹²Speculation in public land in the southern states was quite as extensive as in Ohio or Illinois. The principal source for a study of this speculation is *The American State Papers. Public Lands*. Two suggestive articles are James W. Silver, "Land Speculation Profits in the Chickasaw Cession," *Journal of Southern History*, Vol. X, pp. 84-92, and Mary E. Young, "The Creek Frauds: A Study in Conscience and Corruption," *Mississippi Valley Historical Review*, Vol. XLII, pp. 411-37.