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Author(s): Robert P. Swierenga

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## LAND SPECULATION AND FRONTIER TAX ASSESSMENTS<sup>1</sup>

Whether absentee land speculators suffered unfair tax assessments in frontier communities is still an open question after more than a century of controversy. Speculators, as all land historians know, frequently complained of unfair tax levies, and at least one midwestern county historian observed in 1882 that it was customary in "new" counties for nonresident lands to be assessed "a little higher" than those of actual settlers.<sup>1</sup> The evidence for discrimination against speculators seems to be overwhelming, but it has never been actually pinned down. The tax lists alone contain concrete data, and these "great storehouses of information" (to use William O. Aydelotte's phrase) have yet to be studied.<sup>2</sup>

Admittedly, early tax lists are uneven in quality, and scholars are justifiably dubious of placing great reliance on them. One recalls Lord Keynes's admonition never to forget that the data we use were often collected by the village idiot. More recently, Leslie F. Decker has reminded us that tax assessment on the frontier was "amateurish."<sup>3</sup> Nonetheless, tax lists are fully as reliable a source as other government statistics, e.g., the manuscript census returns that scholars are using with increasing

ROBERT P. SWIERENGA is Associate Professor of History at Kent State University and author of *Pioneers and Profits: Land Speculation on the Iowa Frontier* (Iowa State University Press, 1968). In the preparation of this article he is indebted to Professors Raleigh Barlowe of Michigan State University and Allan G. Bogue of the University of Wisconsin for a critical reading of the draft. Mr. David Diephouse assisted in compiling the tax assessment data.

<sup>1</sup>W. R. Brink, comp., *History of DeWitt County, Illinois* (Philadelphia, 1882), cited in Paul W. Gates, *The Farmer's Age: Agriculture, 1815-1860* (New York: Holt, Rinehart and Winston, 1960), 86.

<sup>2</sup>William O. Aydelotte, "Quantification in History," *American Historical Review* 71 (April 1964): 814. The voluminous tax lists, which often date from the earliest years of settlement, demand immediate attention since county after county is relegating all but its current records to the local dump. State laws passed in recent years usually permit county officials to destroy tax lists after ten years. In Iowa, deliberate destruction and accidental fires have taken a heavy toll, and less than 50 of the 99 counties still have their invaluable tax records. At least one county in Iowa (Marion) carted its tax books to the dump and then, after having second thoughts, retrieved a small sample for the sake of posterity.

<sup>3</sup>Vernon Carstensen some years ago called to mind Lord Keynes's comment about local public records. Decker's statement is in *Railroads, Lands, and Politics: The Taxation of the Railroad Land Grants, 1864-1897* (Providence: Brown University Press, 1964), 141. Jens P. Jensen, in his classic work, *Property Taxation in the United States* (Chicago: University of Chicago Press, 1931), 165, observed that land assessment "may best be described as miscellaneous guesswork." The problem still exists in many assessment districts. William J. Shultz and C. Lowell Harriss in *American Public Finance* (7th ed.;

frequency. As Frank L. Owsley observed a generation ago, "the tax officer was collecting *money*, while the census taker was collecting *names*."<sup>4</sup>

Although caution is justified, ignoring the tax lists is not. A careful study of tax rolls can suggest the order of magnitude, if not the exact ratio, between assessed valuations of resident and nonresident lands. This essay introduces some of the methodological problems in such an analysis and suggests the direction in which future inquiry might lead. The study is based on the records of a central Iowa county during the pioneer period from 1853 to 1868.

Unequal assessment of nonresident as compared with resident lands is illegal in most states under federal and state uniformity regulations. The enabling acts of thirteen public land states, beginning with Louisiana in 1811, provided that lands and property belonging to citizens of the United States living outside of the state should not be taxed higher than those of resident citizens.<sup>5</sup> Other states included similar provisions in their constitutions, and in 1848 the Supreme Court of Alabama held that the clause in the Federal Constitution, which declares that "the Citizens of every state shall be entitled to all the Privileges and Immunities of Citizens of the several States" (Art. iv, Sec. 2), barred the legislature of Alabama from imposing a higher tax on the property of nonresidents than on residents.<sup>6</sup>

Frontier sentiment was at sharp variance with these federal and state regulations on property assessments. Numerous editorials in the western press demanded confiscatory taxes on large absentee holdings, and the cries became especially strident during periods of economic distress in the late 1830s and 1850s, and the mid-1870s. Such punitive valuations, the western promoters averred, would persuade speculators to liquidate their huge tracts of raw land at low prices to bona fide farmers rather than hold them off the market until regional developments brought the inevitable price rise.<sup>7</sup> "Land sharks, counterjumpers, and those who are too young to leave mama" should not come West to buy land, warned a Kansas editor in 1860, since they would "be taxed so steeply and . . . harassed so vigorously" that they would "gladly enough dispose of them as readily as they

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Englewood Cliffs, N.J.: Prentice-Hall, 1959), 376, declare that rural real estate appraisals are often "farcical." Assessors with little or no appraisal training all too frequently copy old tax rolls year after year without reexamining the properties involved. See also Harold M. Groves, *Financing Government* (6th ed.; New York: Henry Holt, 1964), chap. 3; and M. Slade Kendrick, *Public Finance* (New York: Houghton, 1951), 192-202.

<sup>4</sup> Frank L. Owsley, *Plain Folks of the Old South* (Baton Rouge: Louisiana State University Press, 1949), 150. Cf. Sam. B. Warner, *Streetcar Suburbs: The Process of Growth in Boston, 1870-1900* (Cambridge: Harvard University Press, 1962), 173-74.

<sup>5</sup> U.S. *Statutes at Large* 2: 642; U.S. *Senate Reports*, 46 Cong., 2 sess., No. 121; cf. Benjamin H. Hibbard, *A History of the Public Land Policies* (New York: Macmillan, 1924), 85.

<sup>6</sup> *Wiley v. Parmer*, 14 Alabama 627. The case involved the Alabama revenue law of February 1846, taxing the slaves of nonresidents twice as much as slaves of residents.

<sup>7</sup> Paul W. Gates relates examples reported in newspapers in Arkansas, Illinois, Iowa, Kansas, Minnesota, Nebraska, and Wisconsin. See *Farmer's Age*, 85-86; Gates, *The Wisconsin Pine Lands of Cornell University; A Study in Land Policy and Absentee Ownership* (Ithaca: Cornell University Press, 1943), 143-44. See also Margaret B. Bogue, *Patterns from the Sod: Land Use and Tenure in the Grand Prairie, 1850-1900* (Springfield: Illinois State Historical Library, 1959), 223-52.

would drop hot potatoes. . . . Keep away, sharks! We give you fair warning.”<sup>8</sup> An indignant Iowa newspaper proprietor similarly demanded that assessors fix such onerous taxes on nonresident lands “that the holders will be glad to sell at fair and reasonable prices to those who will improve them.”<sup>9</sup>

Westerners suggested several taxation schemes, legal and otherwise, to make “hot potatoes” of speculators’ lands. Some urged that the legislature pass a revenue law discriminating against absentee owners. Others believed assessors should administer private justice by taxing nonresident land “somewhat nearer its true valuation than it is at present,” and by discriminating “in favor of personal property, so that the burdens of actual residents may be somewhat lessened.”<sup>10</sup> A few crusading editors, prototypes of Henry George, demanded a tax solely on land, leaving improvements entirely free from taxation. A Des Moines editor lamented,

In Iowa we have thousands of acres of wild prairie and timber lands owned by speculators and town lots without number, and these speculators hold these lands and lots till they are made valuable. The active resident, however, must pay an additional tax upon every plank used in building his house, barn, and shed—every acre of land made fit for cultivation—every grain of corn, wheat, oats, etc. raised—upon his stock, farming utensils—the furniture of his house; and besides all pay his poll tax for the privilege of living in the State.

The speculator, living in a distant State perhaps, escapes all this, and all he has to do is to pay a tax upon his land, and grumble if his agent informs him that the assessor has assessed his lands a few cents higher than they were the year before, while he chuckles over the thought that the improvements made around his lands have doubled or trebled their original value. . . . Why should we who labor and build up our young State be taxed heavily, while speculators whose lands are made valuable by our improvements taxed but lightly? . . . Tax the *soil* and let the *improvements* alone.<sup>11</sup>

Despite the emotional appeals, the “Tax the Soil” campaign fell on deaf ears, and assessments remained on an ad valorem basis except for brief periods in territorial Iowa in the early 1840s and in the state of Michigan after the panic of 1857.<sup>12</sup>

Frontier editorial demands for discriminatory assessments, and occasional

<sup>8</sup> Burlington (Kansas) *Neosho Valley Register*, 10 Jan., 21 Feb. 1860, cited in Paul W. Gates, *Fifty Million Acres: Conflicts over Kansas Land Policy, 1845–1890* (Ithaca: Cornell University Press, 1954), 90, and in Gates, “Land and Credit Problems in Underdeveloped Kansas,” *Kansas Historical Quarterly* 31 (Spring 1965): 58.

<sup>9</sup> *Muscatine* (Iowa) *Bloomington Herald*, 23 Oct. 1846, 8 Jan. 1847, cited in John E. Brindley, *History of Taxation in Iowa*, 2 vols. (Iowa City: Iowa State Historical Society, 1911), 1: 370.

<sup>10</sup> *Bloomington* (Ill.) *Weekly Pantagraph*, 27 April 1859, quoting *Pontiac* (Ill.) *News*; (Springfield) *Illinois State Register*, 24 May 1849, quoting *Joliet Signal*, 2 September 1851; all cited in Margaret Bogue, *Patterns from the Sod*, 41, 270. Iowa editors proposed similar schemes. See Brindley, *Taxation in Iowa*, 1: 33–34; (Des Moines) *Iowa State Weekly Register*, 4 January 1871; *Jefferson* (Iowa) *Era*, 20 August 1869.

<sup>11</sup> (Des Moines) *Iowa State Journal*, 3, 17 December 1859.

<sup>12</sup> *Bloomington* (Iowa) *Herald*, 23 October 1846, 8 January 1847; (Des Moines) *Iowa State Journal*, 17 December 1859; Brindley, *Taxation in Iowa*, 1: 8, 25, 33–34.

compliance by lawmakers, lent substance to the bitter complaints of non-residents about carrying a disproportionate share of local taxes. One can find in the private correspondence of the absentee speculators numerous charges of discrimination, but these are largely founded on emotional judgments or hearsay evidence rather than on hard facts. Typical is the comment of a Kansas mortgage company agent to his home office: "We have for a long time been of the opinion that the taxes on lands in western counties, especially on lands owned by mortgage companies are exorbitant and unreasonable; in fact, we believe that these taxes are in many cases illegal and cannot be collected."<sup>13</sup> Kansas tax assessors were "robbers," declared Washington banker W. W. Corcoran in 1859.<sup>14</sup> Cyrus Woodman, Boston Land Company agent in Illinois, charged more than once that local assessors had deliberately overvalued the property of the firm.<sup>15</sup> An Iowa agent of Virginia speculator James S. Easley noted that "sometimes appraisers put wild land up regardless of value for the purpose of raising tax."<sup>16</sup> "They are taxing us more than is fair," an Iowa land partner of Easley reported. "We know this is so, and it is all wrong but we cannot go personally to counties to have low appraisements made. It is this very fact . . . that makes us anxious to sell."<sup>17</sup> Some of Easley's western agents were more diligent in fighting high assessments. One in Missouri secured from the local board of equalization a 50 percent reduction. Another, however, simply used the overassessment charge as an inducement to obtain Easley's business. "I think the assessor valued your land rather high this year," the agent wrote in 1868. Should Easley employ his services, he promised: "I will try and have him [the assessor] reduce the valuation for 1869 if I can. . . ." <sup>18</sup>

Cornell University likewise found its land-grant holdings in the Wisconsin pineries region overvalued for tax purposes. In 1878 Cornell land agents reported that the Chippewa County government assessed nonresident lands at 100 percent of value and local property at 33 percent. From nearby

<sup>13</sup> Sumner Whitson, Wellington, Kansas, to Lawrence office, 9 November 1893, Daventport Collection, Cornell University, quoted in Allan G. Bogue, *Money at Interest: The Farm Mortgage on the Middle Border* (Ithaca: Cornell University Press, 1955), 149.

<sup>14</sup> W. W. Corcoran to Smoot, Russell & Co., 17 August, 8 September 1859, Corcoran Papers, Library of Congress, quoted in Gates, "Land and Credit Problems," 58.

<sup>15</sup> Cyrus Woodman to assessor of Edgar County, Ill., 8 March 1841, Woodman Papers, Wisconsin State Historical Society, cited in Larry Gara, "Yankee Land Agent in Illinois," *Journal of the Illinois State Historical Society*, 44 (Summer 1951): 139.

<sup>16</sup> Jeff. Williams, Shenandoah, Iowa, to James S. Easley, Halifax, Virginia, 21 April 1874, James S. Easley Papers, Alderman Library, University of Virginia, Charlottesville.

<sup>17</sup> Polk and Hubbell, Des Moines, to James S. Easley, 14 March 1874, Easley Papers. Land held by the group in three central Iowa counties had a market value of \$5 per acre but was assessed at \$7 per acre.

<sup>18</sup> Thos. J. Gideon, Ozark Co., Mo., to James S. Easley, 27 November 1875; B. B. Dunnegan, Bolivar, Mo., to James S. Easley, 22 September 1868, Easley Papers. Tax frauds against nonresident land owners in northwest Iowa are noted in James S. Easley to H. N. Brockway, Upper Iowa, Iowa, 24 October 1870; Brockway & Elder, Concord, Iowa, to James S. Easley, 27 February, 9 March 1874; James S. Easley to J. W. Daggett, Primghar, Iowa, 27 February 1877; James S. Easley to Pierce & Lewis, Orange City, Iowa, 3 February 1876; James S. Easley to Weare & Allison, Sioux City, Iowa, 15 April 1876, Easley Papers. See also Paul W. Gates. "The Homestead Law in Iowa," *Agricultural History* 38 (April 1964): 10.

Barrien County came the less specific report that in several school districts "the Homesteaders have piled it on to non-residents."<sup>19</sup> That these frequent, often specific, complaints of speculators had a basis in fact there is little doubt. Nevertheless, any valid generalization about tax discrimination against nonresidents must rest on more solid evidence, specifically, on the tax lists themselves, which alone can provide substantive data. Scholars have been inclined to accept either the Populist view that large landowners received preferential treatment or the speculators' view that they were overassessed. One historian argues for the validity of both positions—that large landowners faced high assessments but scaled down the actual tax payments by "tax-fighting" with the boards of equalization and courts.<sup>20</sup> All of these views share one characteristic; they rest on scattered contemporary evidence found in newspapers, private correspondence, a few notorious court cases, and the occasional county history, rather than the extant tax lists.

At least one student of land history, Allan G. Bogue, recognizes the inadequacy of these popular sources and has dipped into the tax lists, only to find frustration. Answers "lie behind the assessment figures," Bogue observed, "and we obviously cannot at this late date call for a reappraisal of the property in Lime Creek township in 1870."<sup>21</sup> For single tracts of land, Bogue is correct. Land varies widely in productivity and in the extent of improvements; yet these factors, which tax rolls do not indicate, greatly influenced valuation. As Margaret B. Bogue noted a few years ago: "In the absence of detailed information about the quality of improvements on the holdings of large owners and of small owners in the same area and about assessment rolls, it is almost impossible to determine the validity of the charge that the large-scale landowners, as a group, received preferential (or unfair) treatment."<sup>22</sup>

There is a way to reappraise Lime Creek Township in 1870, at least in terms of resident and nonresident proprietors, and Mrs. Bogue's comment about the need for improvement data on large and small landowners suggests the method. If one can isolate tax assessments of all resident and nonresident lands in an entire township or county, and then adjust the results to take account of the greater improvements on resident holdings, it is possible to estimate the extent of discrimination.

The tax records of Madison County, Iowa, permit such an analysis.<sup>23</sup>

<sup>19</sup> Paul Gates, *Wisconsin Pine Lands*, 144.

<sup>20</sup> Margaret Bogue found that of a group of fourteen large landowners in east central Illinois whose contested tax suits went before the state Supreme Court, half were decided in favor of local governments and half in favor of the property owners. Then she adds: "Yet, if we accept the judgment of one local observer, it really does not matter how the cases went. County governments seldom received the payments to which they were entitled" (*Patterns from the Sod*, 244).

<sup>21</sup> Allan G. Bogue, *From Prairie to Corn Belt: Farming on the Illinois and Iowa Prairies in the Nineteenth Century* (Chicago: University of Chicago Press, 1963), 192.

<sup>22</sup> Margaret Bogue, *Patterns from the Sod*, 244.

<sup>23</sup> Although the tax lists are not uniform in the various states and counties (and frequently not even in the same county over time), they are conveniently arranged for scholarly inquiry. Within each township all taxable property is listed alphabetically by

Iowa tax lists ordinarily contain a schedule in each township of "known owners," arranged alphabetically, followed by a section ordered only by section numbers, under the heading "unknown owners."<sup>24</sup> Since the names of nonresident owners gradually became known to local officials, the list of unknown owners shrank, thereby blurring the initial distinction between residents and nonresidents.<sup>25</sup> Fortunately for the historian, Madison County Treasurers between 1853 and 1868 chose a different system for recording tax assessments. They maintained separate books each year for the entire county, one labeled "Residents," the other "Non-Residents," i.e., outside the county.<sup>26</sup> Careful checking discloses no instances of nonresident property listed in the resident books, although one can never be entirely certain. Whether owners resided elsewhere in Iowa or in a different state is not important at this point since assessors were apt to treat both groups as nonresidents.<sup>27</sup>

Madison County lies in west central Iowa 30 to 40 miles southwest of Des Moines and 100 miles due east of Council Bluffs. The county is representative of the more heavily wooded and hilly southern portion of the state. Over half a dozen sizeable rivers and creeks brought fresh water for livestock and the soil was adequate for farming. Timber, mainly oak, covered about 20 percent of the total land area of 360,000 acres at the time of survey; the remainder was prairie.<sup>28</sup> In spite of the timber advantage and proximity to the capital city, Madison County developed slowly. The Des Moines-Council Bluffs rail link bypassed the county to the north and the Burlington Railroad skirted the southern border. Settlement commenced in 1845 and the county was organized in 1850. By 1860 the county boasted 7,300 inhabitants, a figure which doubled in the next decade, with the largest concentration near Winterset, the county seat.

From the first public land sales in 1850 speculation was rampant. Within

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owner. The entry contains the full legal description and valuation of each tract, total value of personalty (not itemized) number of polls (levied on every able-bodied male over age 21), and the total tax due. In addition, a notation is appended to each entry indicating the date of payment or sale at the tax auction. For a study of Iowa tax auctions, see Robert P. Swierenga, "The Tax Buyer as a Frontier Investor Type," *Explorations in Economic History*, Spring 1970.

<sup>24</sup> The proper form is specified in *Iowa Laws, 1843*, 548-51; *Code, 1851*, 84. "When the name of the owner of any real estate is unknown, and the assessor finds it impracticable to obtain the same, it shall be proper and lawful to assess such real estate without connecting therewith any name, but inscribing at the head of the page the words 'owners unknown'" (*Iowa Code, Revision of 1860*, 114). For the Iowa organic act which barred the levy of higher taxes on nonresident proprietors, see U.S., *Statutes at Large* 5: 790.

<sup>25</sup> One can isolate landowners living outside the county, despite the typical arrangement of the tax lists, but the process is laborious. Nonresidents paid no poll tax or personalty tax except in their township of residence. By crosschecking each individual in this category against every township list in the county, such nonresidents can be identified.

<sup>26</sup> Madison County Tax Lists, 1853-1868, 32 vols., located in the Office of the County Treasurer, Winterset, Iowa. The earliest lists, for 1850-1852, are not extant.

<sup>27</sup> Of course, owners living in immediately adjacent counties were an exception since they could easily protest personally against unfair taxation.

<sup>28</sup> Robert R. Davidson, "Comparisons of the Iowa Forest Resource in 1832 and 1954," *Iowa State Journal of Science* 36 (November 1961): 133-36, summarized in Robert P. Swierenga, *Pioneers and Profits: Land Speculation on the Iowa Frontier* (Ames: Iowa State University Press, 1968), 243.

a decade virtually all of the land in Madison County had passed into private hands. Twenty-seven individuals acquired over 1,000 acres each at the government land offices; their purchases totaled 56,000 acres, or one-sixth of the entire land area. Over 33,000 of these acres went to ten men, of whom only one resided in the county. Six lived elsewhere in Iowa, and three were in eastern states. Throughout the 1850s and 1860s, the county assessor returned as nonresident lands slightly more than one-half, on an average, of all lands assessed in the county.<sup>29</sup> Judging from the agricultural census reports, this was largely raw land held for a price rise. Of the land in private ownership, census enumerators found only 30 to 40 percent in farms in the 1850s and 40 to 50 percent in the next decade. In addition, until the late 1860s, less than one-half of the farmland was improved, that is, cleared and used for grazing, grass, or tillage (Table 1).<sup>30</sup> Farmers obviously indulged their appetite for raw land speculation as much as eastern capitalists.

From the census and assessment data it is readily apparent that resident and nonresident lands varied widely in the level of improvements. The critical problem is to measure this difference, and there are at least three ways to do so.

1) *Current market value of the land.* A recent analysis of land resales in nine central Iowa counties, including Madison County, for the period 1850–1860 is helpful to establish market prices. This data can be supplemented by estimates of agricultural and raw land prices in the 1860s by agricultural society secretaries, immigration officials, and railroad land company prospectuses. The resale information for Madison County includes all recorded land sales in the county from the first recorded sale in 1850 through 1860. By abstracting from this price series all resales of a select group of large speculators, identified in another recent study of large-scale speculation in central Iowa, one can distinguish the market prices earned by the large speculators who were mainly nonresidents, as compared with all other land sellers in Madison County.<sup>31</sup> The actual figures, provided in

<sup>29</sup> A brief history of the county is in J. J. Davies, *History and Business Directory of Madison County, Iowa* (Des Moines, 1869). The figures on speculation are adapted from Swierenga, *Pioneers and Profits*, 38, 40, 43, 193–94, 336, and *passim*, and the data described in n. 31. The nonresident percentage of total assessed acreage ranged from 25.2 percent of 33,000 acres in 1853 to 63.7 percent of 352,000 acres in 1857. The weighted average for the period, 1853–1868, was 53.8 percent. These figures are compiled from the Madison County tax lists cited in n. 26.

<sup>30</sup> According to the census instructions, the improved category comprised “cleared land used for grazing, grass, or tillage, or lying fallow.” Unimproved land included uncleared timber or range land used for farm purposes. Facsimile copies of the census schedules, together with instructions for farm operators and census enumerators, used in the decennial censuses of 1850–1900 are published in *Twelfth Census of the United States, Taken in the Year 1900, Census Reports*. Vol. 5: *Agriculture* (Washington, D.C., 1902), Part I, 744–67.

<sup>31</sup> The resale data is abstracted from the Madison County deed registers, Books A (2 books), B, C, D, E, F (2 books), G, H (2 books), I, K (2 books), L, M (2 books), O, P, Q, S (2 books), 1, 2, 3, located in the Office of the County Recorder, Winterset, Iowa. A printed chronological listing of the resale data, tabulated electronically, from 1850 through 1860 (involving tracts of 40 acres or more) is in the Special Collections Department, University of Iowa Library, Iowa City (see Swierenga, *Pioneers and Profits*, 247). The large



TABLE 1. AGRICULTURAL CENSUS DATA FOR MADISON COUNTY, IOWA, 1850-1900

	Number of Farms	Average Farm Acreage	Value of Farms (land, fences, buildings)	Average Cash Farm Value per Acre	Acreage in Farms			Percent Improved to Total Land in Farms
					Total	Improved	Unimproved	
1850	53	264	\$41,550	\$2.97	13,988	2,069	11,919	14.8
1856					129,639	24,748	104,891	19.1
1859					154,600	39,565	115,035	25.6
1860	979	168	617,460	3.74	164,948	44,172	120,776	26.8
1862					146,196	47,982	98,214	32.8
1870	1,504	133	3,516,431	17.56	200,202	126,243	73,959	63.1
1875					250,707	161,998	88,709	64.6
1880	2,284	108	6,641,334	26.68	248,936	185,882	63,054	74.7
1890	2,318	142	8,115,417	24.70	328,607	277,732	50,875	84.5
1900	2,600*	136	13,580,300†	38.34	354,216	271,717	82,499	76.7

SOURCE: *Census of Iowa for 1880 . . . with Other Historical and Statistical Data . . .* (Des Moines, 1883), 198-99, 242-49, 266-71; U.S. Bureau of the Census, *Eleventh Census of the United States: 1890*. Vol. VI: *Agriculture* (Washington, 1895, 140, 208); *Twelfth Census of the United States: 1900*. Vol. V: *Agriculture* (Washington, 1902), 142-43, 277.

\* Includes 95 farms without buildings.

† Includes building valuation of \$2,206,850.

Table 2, show that the current market value of large speculator holdings, which included raw land for the most part, was less than one-half that of all other sellers (called 'non-large speculators' in the table). Of 252,674 acres sold in the decade of the 1850s, the non-large speculator group realized an average price of \$5.73 per acre. In contrast, the large speculators averaged only \$2.57 per acre on sales of 54,461 acres, a difference of \$3.16 per acre or 55.1 percent below the price obtained by non-large speculators.

Scattered evidence of land prices in Madison County in the 1860s buttress the findings of the previous decade. In 1867 the secretary of the county agricultural society, upon the request of the state secretary, estimated the market price of farmland in the county at \$15-25 per acre, depending on improvements, and raw land at \$7 per acre. In the winter of 1869-70, Edward Young, Chief of the U.S. Bureau of Immigration, requested certain economic facts from assistant assessors of Internal Revenue throughout the entire country, the information to be passed on to prospective immigrants, Two of the thirteen questions dealt with land prices. According to the revenue agent's report for Madison County, unimproved land could be bought for \$5-20 and "small, improved farms" for \$20-30. Finally, the Burlington Railroad in 1869 offered 3,000 acres of raw land in the county, all within 20 miles of the rail line, for \$5-15.<sup>32</sup> In all these examples, the

speculator group consisted of 1,000 buyers who entered 1,000 acres or more of federal government land in a 33-county area of central Iowa in the 1850s (*ibid.*, 35). Only the Madison County land sales of this control group are used in this analysis.

<sup>32</sup> *Iowa State Agricultural Society, Report, 1866* (Des Moines, 1867), 394-95; Edward

TABLE 2. LAND REALES IN MADISON COUNTY, IOWA, 1850-1860

	Non-Large Speculators			Large Speculators			(3) = $\frac{(1) - (2)}{(1)}$ Percentage Difference (3)
	Acres	Price	Price per Acre (1)	Acres	Price	Price per Acre (2)	
1850	2,082	\$4,107	\$1.97	1,134	\$1,193	1.05	-46.7
1851	5,498	13,275	2.41	2,660	4,262	1.60	-33.6
1852	11,694	33,154	2.84	3,519	5,349	1.52	-46.5
1853	10,392	41,764	4.02	9,301	16,370	1.76	-56.2
1854	25,369	125,233	4.94	7,008	13,596	1.94	-60.7
1855	37,131	194,507	5.24	9,475	24,161	2.55	-51.3
1856	47,247	279,068	5.91	10,440	35,078	3.36	-43.1
1857	38,911	284,419	7.31	5,984	18,730	3.13	-57.2
1858	31,681	214,633	6.77	2,224	9,207	4.14	-38.8
1859	22,695	133,891	5.90	1,516	5,564	3.67	-37.8
1860	19,974	124,834	6.25	1,200	6,672	5.56	-11.0
Total	252,674	1,448,885		54,461	140,182		
Weighted Average			5.73			2.57	-55.1

SOURCE: Compiled from Madison County deed registers, Office of the County Recorder, Winterset, Iowa. See n. 31.

percentage difference between raw land prices and improved farmland was approximately 50 to 75 percent. Assessment on an ad valorem basis, therefore, should reflect the much greater market value of the partially improved resident lands as compared with the raw land of nonresident speculators.

2) *Estimated improvement costs.* Assuming that resident holdings were at least partially improved, what was the value of these improvements? Clarence Danhof, Allan and Margaret Bogue, and others have compiled evidence on farm-making costs in frontier Iowa.<sup>33</sup> Improvements included construction of buildings, digging a well, breaking prairie sod or clearing scrub timber, and fencing. For a 160-acre farm, which is close to the average farm size of 168 acres in Madison County in 1860 (see table 1, col. 2), the cost of a double cabin was \$70, a crude stable perhaps \$10, digging and lining a well about \$10, and breaking and clearing 50 acres and erecting fencing about \$4.00 per acre or \$200. (The improvement figure of 50 acres

Young, comp., "Report of the Chief of Bureau of Statistics on Immigration; Information for Immigrants . . ." *House Exec. Docs.*, 42 Cong., 1 sess., 1871 (2 vols., Washington, 1871), 1: 84-85; Iowa Board of Immigration, *Iowa: the Home for Immigrants, Being a Treatise on the Resources of Iowa* . . . (Des Moines, 1870), 48.

<sup>33</sup> Clarence Danhof, *Change in Agriculture: The Northern United States, 1820-1870* (Cambridge: Harvard University Press, 1969), chap. 5, and "Farm Making Costs and the 'Safety Valve': 1850-1860," *Journal of Political Economy* 49 (June 1941): 317-59; Allan Bogue, *Prairie to Corn Belt*, 67-85, 244-45, 267-68; Margaret Bogue, *Patterns from the Sod*, 117-20, 161-62; Paul Gates, *Farmer's Age*, 180-83, 186-88.

is a generous estimate, based on the 1860 agricultural census report that only 26.8 percent [Table 1, col. 8] of the total farmland in the county was in any way improved.) The total improvement cost of the "average" farm in the pioneer era, including a crude cabin and stable, a well, and partial land development, was therefore approximately \$300, or \$293,700 for the 979 farms (Table 1, col. 1) in the county in 1860. The sum of \$293,700 is 48 percent of the 1860 census farm value of \$617,460 in Madison County (table 1, col. 3). On this basis, improved land of residents should have been taxed twice as much as nonresident land to take account of improvements. This was also the contention of the editor of the *Des Moines Register*, who in 1871 declared that nonresidents should not complain of paying taxes amounting to half as much as residents paid on their improved farms.<sup>34</sup>

3) *Proportion of farmland value to building improvement, based on federal agricultural census of 1900.* Prior to 1900, farmland value figures in the census included both land and building improvements. In the census of 1900 these two categories were disaggregated for the first time, and the value of farm buildings was reported separately from land valuation. Scholars have recently used this data in two ways to estimate the value of farm buildings for earlier decennial census years. Alvin S. Tostlebe, in a study of capital development in agriculture for the National Bureau of Economic Research, assumed that the physical inventory of buildings *per farm* in 1900 was the same as in 1870, 1880, and 1890. He multiplied the value of buildings per farm in each state as reported in the 1900 census by the number of farms in the state in 1870, 1880, and 1890. Tostlebe notes that "this may have resulted in some overstatement of the physical inventory of buildings for the earlier years, especially in regions that were relatively newly settled in 1870." The overstatement "is believed to be small," however, because of depreciation and the secular price decline in farm products of the late nineteenth century.<sup>35</sup>

Despite his disclaimer, Tostlebe's technique, when applied to Madison County farm valuations, greatly overstates the value of improvements. For example, if the 1900 building value per farm of \$880.97 is applied to the 1,504 farms in 1870, the total building value is 37.8 percent of total farm value, whereas in 1900 the comparable figure is only 16.2 percent. Applying the same 1900 value to the 979 farms reported in 1860 yields a total building value that *exceeds* total farm value by more than 30 percent, an obvious impossibility. Tostlebe's method, in short, is valid only in areas of

<sup>34</sup> The editor's rationale was this: as farmers improved their land, the wild lands of speculators in the neighborhood advanced in value at a rate of \$1.00 for every \$2.00 that farm land prices climbed ([Des Moines] *Iowa State Weekly Register*, 4 January 1871).

<sup>35</sup> Alvin S. Tostlebe, *Capital in Agriculture: Its Formation and Financing Since 1870*, National Bureau of Economic Research, *Studies in Capital Formation and Financing* (Princeton: Princeton University Press, 1957), appendix A, 180. Tostlebe also fails to adjust for the number of farms without buildings in 1870, 1880, 1890. In 1900, 2,505 of 2,600 farms (96 percent) reported buildings, but this percentage is probably much lower in earlier periods.

mature agricultural development. Neither Madison nor any other western Iowa county had reached this state prior to 1880 at the earliest.

Raleigh Barlowe and Conrad H. Hammar in two recent studies of Iowa land valuation in the pioneer era adopted a less complicated but more realistic method of estimating the value of building improvements in 1850.<sup>36</sup> They simply accepted the 1900 valuation ratio of buildings to land (16.1 percent for the state of Iowa) as the upward bound in the early years for the value of farm buildings. "A similar breakdown for the early years of settlement would probably credit not more than 15 percent of the total real estate value to buildings," Barlowe and Hammar noted, "partly because more of the land was still unimproved, and partly because the first houses and farm buildings were temporary make-shift structures which the owners expected to replace at an early date."<sup>37</sup> To arrive at a *total* improvement cost estimate in the early years, of course, one must add to building value the cost of breaking and fencing, based on the total improved acreage as reported in the farm censuses.

Table 3 presents the results of the valuation study in Madison County for the years 1853–1868.<sup>38</sup> The figures indicate for both residents and non-residents the total rural land annually assessed for taxes, the total valuation, and the average valuation per acre. Despite mild fluctuations from year to year, the per acre valuation averaged \$4.76 for residents and \$3.18 for nonresidents, a differential of 33.2 percent. Thus, nonresident lands were assessed one-third lower than resident farmlands in the first two decades in Madison County, or alternatively, resident lands were valued approximately one-half again as high as nonresident lands.<sup>39</sup>

Did nonresident landowners in Madison county have grounds for complaint about these assessments, which averaged \$1.58 per acre below that of resident holdings? The answer hinges on the improvement valuation yardstick. In the land market of the 1850s (Table 2), partially improved farmlands sold at an average price of \$5.73 per acre while raw land brought \$2.57 per acre, a difference of \$3.16 per acre or 55 percent below that of farmland. By this benchmark nonresident lands, assessed at \$3.18 per acre, were 61 cents *above* current market values, whereas resident lands carried an average assessment of 97 cents *below* market prices. Absentee owners had a legitimate complaint. Discrimination is also confirmed by the second yardstick, actual improvement costs, which comprised 48 percent of the

<sup>36</sup> See Raleigh Barlowe and Conrad H. Hammar, "Valuation of Lands in Eastern Iowa, 1833–1839; Royce Cession Areas 175, 226, 244," 2 vols., presented before the Indian Claims Commission, Dockets 158, 209, 231, *Sac and Fox and Iowa Tribes v. The United States of America* (1962), 1: 74–76, and the same authors' "Valuation of Lands in South-central Iowa: 1839–1843; Royce Cession Area 262," presented before the Indian Claims Commission, Docket 153, *Sac and Fox and Iowa Tribes v. The United States of America* (1965), 162–63.

<sup>37</sup> Barlowe and Hammar, "Valuation of Lands in Eastern Iowa, 1833–1839," 74–75.

<sup>38</sup> See n. 26.

<sup>39</sup> Urban lots are not included in these figures. Lots of residents for the same period, 1853–1868, were valued on the average at \$113.63 per lot and nonresidents at \$47.24 per lot, or 58.4 percent less than residents.

TABLE 3. ASSESSED VALUATIONS OF RESIDENT AND NONRESIDENT LANDS, MADISON COUNTY, IOWA, 1853-1868

	Residents			Nonresidents			(3) = $\frac{(1) - (2)}{(1)}$ Percentage Difference (3)
	Total Acres Assessed†	Total Valuation	Average Valuation per Acre (1)	Total Acres Assessed†	Total Valuation	Average Valuation per Acre (2)	
1853	19,857	\$62,135	\$3.13	13,019	\$32,773	\$2.52	-19.5
1854	87,828	386,303	4.40	100,167	201,400	2.01	-54.3
1855	118,266	550,054	4.65	124,822	413,155	3.31	-28.8
1856*							
1857	127,446	541,784	4.25	224,116	686,162	3.06	-28.0
1858	166,073	597,675	3.60	181,778	421,353	2.32	-35.6
1859	169,558	872,448	5.15	192,391	681,355	3.54	-31.3
1860	174,235	852,196	4.89	177,365	599,503	3.38	-30.9
1861	162,052	756,444	4.67	176,545	500,992	2.84	-39.2
1862	185,942	815,005	4.38	175,144	513,107	2.93	-33.1
1863	170,818	649,828	3.80	189,919	420,656	2.21	-41.8
1864	168,113	564,977	3.36	191,003	422,122	2.21	-34.2
1865	164,890	1,001,326	6.07	192,981	833,683	4.32	-28.8
1866	163,552	888,888	5.43	190,912	746,223	3.91	-28.0
1867*							
1868	134,540	1,039,462	7.73	210,029	962,585	4.58	-40.8
Total	2,013,170	\$9,578,525		2,340,191	\$7,435,069		
Weighted Average			4.76			3.18	-33.2

SOURCE: Compiled from Madison County Tax Lists, 1853-1868, 32 vols., Office of the County Treasurer, Winterset, Iowa.

\* No data extant.

† Excludes town lots.

total farm real estate valuation in 1860. Resident operators should justifiably have borne double the assessed valuation on their farms that nonresidents did on their unimproved land. Or conversely, instead of a one-third lower valuation, nonresidents should actually have obtained a 50 percent lower assessment on their raw lands than did residents on their farm land.

The third benchmark, the proportion of farmland value to building improvements based on the 1900 census, also indicates that real estate tax assessments favored residents. Applying the 1900 ratio of building value to total farm value (16.2 percent for Madison County) to the earlier period 1853-1868, we find that about one-third of the 50 percent higher valuation of resident lands can be attributed to building improvements. As noted above, however, the 1900 building ratio excludes land improvement costs of breaking, fencing, and sinking wells, which, at \$4.00 per im-

proved acre, amounted to 28.6 percent of total farm value in 1860.<sup>40</sup> Adding this percent to the 16.2 percent estimated cost of building improvements totals 44.8 percent, a figure closely approximating actual costs. Instead of a 30.9 percent (Table 3) lower valuation in 1860, therefore, nonresidents should have expected a 44.8 percent lower tax bill than residents. Nonresidents seemingly deserved a reduction in taxes of 13.9 percent in 1860. Weighting improvement costs at 44.8 percent for the entire period 1853–1868, nonresidents merited a 11.6 percent tax cut (44.8 less 33.2 percent). In sum, adjusting the valuation factor by any one of the three benchmarks indicates that Madison County assessors overvalued nonresident lands by an amount from 10 to 20 percent.<sup>41</sup> Market prices of unimproved land averaged 55 percent below improved land; improvement costs in the pioneer era were approximately 45 to 48 percent of total value, depending on the method of computation. Assessed values of nonresident lands, however, averaged only 33.2 percent below resident land. The gap indicates discrimination.<sup>42</sup>

Less extensive tax assessment data from Poweshiek County, in the central part of the state, Cedar County in the east, and Greene County in the west, bolster the findings in Madison County. In Poweshiek County, according to a recent study of the tax lists of the years 1853–1858, the land valuation of “known owners” averaged \$5.87 per acre, that of “unknown owners” \$4.11 per acre, or 30 percent less.<sup>43</sup> In Cedar County, the 1853 tax list; which was arranged on the Madison pattern, reported 211,152 acres of resident lands valued at \$5.74 per acre, and 124,534 acres of non-resident lands valued at \$3.31, or 40.6 percent less.<sup>44</sup> In Green County, where nonresidents owned over 80 percent of the land in 1869, local promoters sought

<sup>40</sup> The percentage estimate of the value of farm land improvements is computed by dividing the sum of improvement costs per improved acre ( $\$4.00 \times 44,172$  acres) by the total value of farms in 1860 (\$617,460).

<sup>41</sup> This evidence suggests that local assessors may have appraised undeveloped raw lands held by nonresidents at the same level as fully or partially developed lands of resident operators. To their way of thinking, all land may have carried the same assessment value level regardless of its stage of cultivation, except for the value of buildings which were assessed apart from the land. This rationale finds support in the opportunity cost argument advanced by many economists. With this concept, the labor of settlers in clearing scrub trees, breaking sod, fencing, and otherwise improving their land had a cost equal to the best alternative employment for this labor. Since settlers usually performed these tasks during the slack seasons, their labor often had an opportunity cost of little more than zero. By this measure, settlers brought their land into production at little or no economic cost. This argument is fallacious in a market resale sense—developed farms obviously commanded a higher resale value than similarly located undeveloped lands of comparable quality—but assessors did not always think in terms of resale value. I am indebted to Raleigh Barlowe for this intriguing suggestion.

<sup>42</sup> The case for discrimination, it should be re-emphasized, rests on the (reasonable) assumption that the improvement benchmarks measure roughly comparable categories, namely, resident, improved, non-large speculator land, and conversely, nonresident, unimproved, large speculator land.

<sup>43</sup> The yearly figures are in Swierenga, *Pioneers and Profits*, Table 9.1, pp. 222–23. Poweshiek tax lists were not abstracted after the year 1858 because of the great difficulty in distinguishing resident and nonresident owners. See n. 25.

<sup>44</sup> These data were compiled from the Cedar County Tax List for 1853, Office of the County Treasurer, Tipton, Iowa. Michael Gesing assisted in the computations.

voter approval of a special three-mill tax to finance construction of a court house by arguing that the bulk of the expense would fall on the absentee speculators. "The only way we can reach the speculator to make him help improve the country and build our public buildings is by taxation," said the editor of the town gazette, "and we cannot tax them without taxing ourselves too." But the added burden would be light, the editor promised the populace. "As the unimproved or non-resident lands were assessed higher than resident or improved land this year, the non-residents will pay nearly  $\frac{3}{4}$  of the land tax in 1869 and 1870." <sup>45</sup>

The assessor's returns of 1869 in Greene County confirm the public admission of discriminatory taxation. The 40,000 acres of resident lands carried a taxable valuation of \$592,500 or \$14.81 per acre; the 304,000 acres of nonresidents were valued at \$2,504,000 or \$8.24 per acre, 44.5 percent less than residents. Although the Greene County assessments were admittedly unfair, nonresident lands carried a proportionally lower tax value in Greene than in Cedar, Madison, and Poweshiek counties. Nonresident valuations were 44.5 percent less in Greene compared to 40.6, 33.2 and 30 percent in Cedar, Madison, and Poweshiek, respectively. In all four counties, however, nonresidents faced discriminatory assessments of varying degrees. Indeed, whenever nonresident land assessments did not average at least 50 percent less than resident real estate, residents likely were shirking their duty and passing the tax burden to the absentee owners. Legal regulations to the contrary, it apparently was the practice in new counties for officials to assess nonresident lands "a little higher" than those of settlers. Absentee land speculators may not have been innocent victims, but they were victimized.

<sup>45</sup> *Jefferson (Iowa) Era*, 1 October 1869.

### *Marching for Freedom*

(Written by Mrs. J. T. Kellie to the tune of "Marching Through Georgia."  
Collected from the *Farmers' Alliance*, August 23, 1890.)

The farmers of Nebraska now are in a fearful plight,  
For years they have been worse than slaves; it is a woeful sight  
To see the way they have been robbed by banks and railroads' might—  
But now they are marching for freedom.

(Chorus)

No banks shall corner the exchange provided by the State,  
No speculators shall get rich on wealth that we create,  
No railroad e'er again shall tax three-fourths our crops for freight,  
For we are marching for freedom.

(Nebraska Pioneer Folklore, *comp.*, Roger L. Welsh, *Lincoln: Univ. of Nebraska Press, 1966*)