

Development And Depression 1861-1900

During the 40 years from 1860 to 1900, farm values edged up slowly with the only major upsurge coming in the 1890's. During this long period crop and livestock prices remained low; in fact depressed conditions prevailed in many of the 40 years and farm mortgage foreclosures were a frequent occurrence.

The Homestead Act of 1862 was of little importance in Iowa except in the northwest part of the state where there were several million acres of public lands available for sale at \$1.25 an acre and also available for homesteading. The total acreage homesteaded in Iowa was slightly more than 900,000—which was only 2.5 per cent of the state's area. Actually there were more acres on which homesteads were started but the law allowed the homesteader to take full title to a quarter section earlier than the required five years of continuous residence if he chose to pay \$1.25 an acre in cash. This was done in numerous cases.

By the late 1860's anyone coming into Iowa to farm had to buy or rent from someone other than the Federal Government which had owned practically all of the state in 1833. In the 35-year period following 1833 the Federal Government had

surveyed the state, had sold it either for cash or military land warrants, or had given it away in railroad, education, and internal improvement grants.

Much of Iowa was still undeveloped in 1860 even though it was in private hands. Only 28 per cent of the state's area was in farms in 1860 according to the Federal Census for that year. The percentage of land in farms and the value per acre of this land in farms for census periods, 1860 - 1900, is as follows:

Census Year	Per Cent of Land in Farms	Value Per Acre Land in Farms
1860	28%	\$12
1870	43	20
1880	69	23
1890	85	28
1900	96	43

In 1860 a large area of Iowa was in the hands of investors or speculators, whichever you choose to call them. They had bought the land from the Federal Government and were holding it to sell to settlers at an advance in price. Although many did sell at an advance in the years that followed, there were others who sold at no gain or at a loss because of property taxes, interest charges, and a low demand for the land.

Usually, those who held this raw, virgin land did not get the price indicated by the Census value for land in farms. The raw land owned by the

investor-speculator or the railroad was unimproved compared to the land in farms which had buildings and fences, with land broken for cultivation. A better indication of what these non-farmers obtained in selling their land is available in the following prices recorded for all land sales, improved and unimproved, in Story County during the 1860's and 1870's:

Year	Price Per Acre	Year	Price Per Acre
1860	\$5	1870	\$10
1861	5	1871	11
1862	5	1872	12
1863	5	1873	12
1864	6	1874	12
1865	7	1875	12
1866	6	1876	15
1867	7	1877	15
1868	8	1878	15
1869	10	1879	14

The value of land in farms only for Story County was \$9 an acre in 1860, \$25 an acre in 1870, and \$21 an acre in 1880. In 1860 and 1870, it will be noted, land in farms was valued far above the price at which farms and raw land were selling on the average. By 1890 the two values—one for all land and the other for farms—were fairly close and continued close in the years that followed. This is what would be expected because most of the raw land had been converted into farms by 1890.

A substantial part of the farm value increase noted in the Federal Census values between 1860 and 1890—an increase of \$16 an acre—represented farm improvements. The farm of 1860 was a different farm by 1890. In the 30 years that had elapsed some of the first temporary houses and buildings were replaced with better buildings. On farms that were developed during this period, the buildings and fences were better than those built on the 1860 farm. Then, too, there was more land in cultivation including wet areas that had been drained. The increase in farm value based on improvements was the result of hard, intelligent work and investment rather than a pure capital gain caused by forces outside the farm such as inflation.

How much profit was made by the investor-speculator who bought Iowa land in the 1840's and 1850's and sold it to settlers in the 1860 to 1890 period? This is a hard question to answer in a summary statement because it made a difference how long it was held. Robert P. Swierenga in a detailed study of land transactions by large operators—those who bought and sold more than a thousand acres—concluded in his doctoral dissertation that those who bought and sold in the 1850's and 1860's did very well with net rates of return averaging 72 per cent in the 1850's and 31 per cent in the 1860's. Many of these sales, which were taken from records in nine counties in cen-

tral Iowa, included the typical time purchase by the settler at \$1.75 an acre with a 40 per cent interest return to the investor-speculator. In the 1870's and 1880's the rate of return was down drastically to six per cent and below. These were depressed years as will be seen in studying the prices received by farmers for their corn and hogs.

Low farm product prices and farm mortgage foreclosures during the 1860-1900 period provide hard cold evidence of the relatively tough times experienced by our forefathers and their families who farmed in those years. The record of product prices shown along with farm mortgage foreclosures, in one of the accompanying charts, bears out the statement that conditions were generally depressed during the years from 1860 to 1900. Not only did product prices fluctuate at a low level but every time they went into a major decline the number of farm mortgage foreclosures increased.

Corn and hog prices indicate the depressed conditions which prevailed in many of the years. Corn sold at an average of only 17 cents a bushel in 1861 but reached a high of 70 cents in 1864. In the 1870's corn hit a high of 50 cents in 1874 and a low of 22 cents in 1877 and 1879. In the next 20 years, 1880 to 1900, it reached a high of 56 cents in 1882 and a low of 16 cents in 1897. The average for the 40 years was 33 cents but in the first 20 years the average was 37 cents and in the last only 30 cents a bushel.

Hog prices in these same years, 1860-1900, were also on a relatively low level. The highest price paid for the whole period was \$7.75 a hundred in 1869 and the lowest was \$2.82 in 1878. Again the \$4.92 average for the first 20 years was higher than it was for the next 20 years which was \$4.21. The 40-year average was \$4.56 a hundred pounds.

In summary, the period 1860-1900 was as a whole one of farm development under adverse conditions which were caused by depressed prices for farm products. While only 28 per cent of the state was in developed farms in 1860, the percentage had climbed to 96 by 1900. Farm values did rise but a large part of the increase must be attributed to farm improvements — to better buildings and more crop land on the farms existing in 1860, and to better improvements and more crop land on the farms developed after 1860.

Other events in the period were the homesteading of 900,000 acres mainly in northwest Iowa, the purchase of lands from investor-speculators who had bought these lands from the Federal Government prior to 1860. The rate of return or profit on these transactions was large during the 1850's and 1860's but much lower in the years that followed, years in which foreclosures were heavy when the prices of corn and hogs dropped, as they did frequently in the period.