

## Public Land Sales, 1838-1860

The major portion of the State of Iowa was sold as public land either at auction or later through private entry during the period 1838-1860. The first public land sales in Iowa were held in the fall of 1838—at Dubuque on November 5 and at Burlington on November 19. A total of 48 full and fractional townships were offered, 23 at Dubuque and 25 at Burlington. In 1839 at Burlington seven more townships were offered for sale. In all, 1,177,000 acres of public land were offered before 1840 and eventually sold.

Only a relatively small portion of the land was sold at auction; most of it was sold later through private entry. By the end of 1840, a total of 509,000 acres or 44 per cent of the original acreage offered in 1838 and 1839 had been sold according to a survey of the sales recorded in the courthouses of the area.

The law called for the auction of the land on the day of the sale. The land went to the highest bidder but at a price no lower than \$1.25 an acre. Land that was not sold at the auction was placed on the market two weeks later at private entry. Private entry meant that the land was available to anyone who paid the minimum price of \$1.25 an

acre or presented a military land warrant in place of money.

One of the features at some of the early land auctions was the claim association, which, by threat or by force if necessary, prevented bidding by outsiders above the \$1.25 an acre minimum price for lands on which settlers had made a claim.

The reason for the claim association is easy to see. Many of the public land sales did not occur until several years after settlers had staked out their claims in desirable locations. In many cases the settlers had developed their farms with buildings, fences, and land broken for cultivation. If the settlers had been forced to pay for the value of the land they had improved, they would have been paying twice for the improvements—once when they invested their time, effort, and cash in the improvements and again when they had to bid against outsiders to buy the same land at the public sale.

Actually the situation was created in part by the settlers who were interested in having the public sales delayed because they did not always have the money or could not borrow it at reasonable rates to purchase the land they wanted. Some of the public sales were delayed and some were postponed for a short time. This was true in the Black Hawk Purchase, where settlers had entered after June 1, 1833, before a law had been passed allowing such entry. There were no sales in

the Black Hawk Purchase until 1838. In this interval, settlers staked out their claims to the land they wanted to develop into a farm and eventually buy from the Government.

The main objective of the claim association was to assist these settlers in protecting their rights to the lands they had improved. There had been various Federal preemption laws enacted to protect settlers in cases like this but until the General Preemption Act of 1841 such laws had not been fully effective. With the 1841 law in effect, the claim association declined in importance. The important point regarding the claim association and the preemption laws was that the settler needed some protection at the public auction in cases where he had invested his own resources in improving the land he was buying. In short, he did not have title or any legal right to the improvements he had made in the land even though he had made these improvements in good faith expecting to buy the land at the minimum price.

The most valuable land in Iowa through the 1850's were tracts combining timber, dry prairie, water (especially a spring), and nearness to a navigable river. The first settlers in any township naturally had their choice of all the land in the township. What they chose was what they considered the best because the Federal Government placed the same minimum price of \$1.25 an acre on all land regardless of the quality. A check

on the location of the first settlers in each township shows conclusively that they staked out claims and purchased tracts which had the desired combination of timber, prairie, and water.

Settlers wanted timber on their farm because it was an essential in the period before 1860. Timber provided fuel to keep the settler and his family warm in the winter; it provided building materials for the house and the other service buildings including fences; and it provided protection from winter winds and shade around the farmstead in the summer. Some settlers preferred timber land for their crop land but most of the Iowa settlers preferred the prairie near the timber or what was called oak openings—open spaces among the trees. It did not take the settlers long to find out that crops grew as well or better in the treeless areas than in the timbered areas which had to be cleared not only of trees but of stumps also.

Water was important too because deep wells were out of the question. Both humans and livestock needed access to running water if possible. A flowing stream which provided water power for a gristmill or sawmill was also considered a decided advantage in those early years prior to 1860.

Finally, transportation before 1860 was primarily by water. Settlements in the early years followed the rivers. Most of the cities of Iowa, for example, were located on rivers or streams—not on the open prairie. In 1846 Congress grant-

ed lands to the State of Iowa which could be sold and the proceeds used exclusively for improving navigation on the Des Moines River. Location near a navigable river in those days increased the value of the farm.

Thus, the open prairie distant from timber, especially if it was wet and marshy, was avoided by the settlers prior to 1860. Today's choice lands in northern Henry County, western Scott County, and most of Grundy County, which were far from timber and frequently wet, went begging at \$1.25 an acre. There were few buyers when these lands were placed on the market in the 1838-1850 period. Rough lands, combining timber and prairie such as those in southern Henry County and along the Mississippi River in Scott County, were snapped up by the settlers almost as soon as they came on the market.

The first settlers, as can be seen now, took what they considered the best land, and actually it was the best land for them at the time. But they got a poor bargain in today's land market because the wet lands and prairies, far from timber in the early years, are now the best lands. By a strange quirk of fate those who blazed the first trails and developed the first farms in Iowa found, or their descendants found, that their timber-prairie farms near the rivers were often less valuable than the farms developed by those who came much later and took up the land they had avoided. To be

sure, the wet lands required considerable drainage expense but even so these wet lands were eventually a better bargain.

Another feature of the early land market was the difference between the value of raw, virgin land on the one hand and the value of land in an improved farm on the other. The labor or cost of making or developing a farm amounted to far more than the cost of the raw land. Early guide-books as well as more scholarly studies, which came later, pointed up this fact in their description of the cost of farm making. In his *A New Guide for Emigrants to the West* J. M. Peck shows the difference in the value of an improved farm and raw or virgin land in 1836:

The following table will exhibit the cost of 320 acres of land, at Congress price, and preparing 160 acres for cultivation of prairie land:

Cost of 320 acres at \$1.25 per acre,	\$400
Breaking up 160 acres prairie, \$2 per acre,	320
Fencing it into four fields with a Kentucky fence of eight rails high, with cross stakes,	175
Add cost of cabins, corncribs, stable, &c.	250
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Making the cost of the farm,	\$1145

To those who said that the settler could develop a farm without paying out any money, it was only necessary to refer to the amount of labor required in erecting buildings and fences, and in breaking the tough prairie sod so crops could be

seeded. All of this time and effort had a value which could be measured by what the settler would have received working for wages, or by what he would have to pay for food and other supplies to support himself and his family while he was engaged in making a farm. In light of this situation it is not surprising that farms with buildings and land broken for cultivation were often quoted at from \$10 to \$15 an acre while raw land was still available at from \$1.25 to \$2.50 an acre prior to 1860.

Another important element in the early land market was the difference between the cash and the time price for land. The price at the public land auctions or private entry was cash on the "barrel head," usually \$1.25 an acre or a military land warrant which could often be bought for less than \$1.25 an acre. If you did not have any money or not enough to pay for the land on which you had settled, there was still the opportunity to buy on time. With the maximum legal limit on interest varying between seven and ten per cent at different times, borrowing to buy would have been an easy alternative. The only difficulty was that few if any loaned at the legal rate. It was too low. Instead, those who had money to lend, chose to lend it at 40 per cent interest through a perfectly legal procedure in which they purchased the land themselves for \$1.25 an acre and sold it to the settler for \$1.75 an acre with a year's time in which

to pay. The margin of 50 cents an acre figured out at 40 per cent on the investment of \$1.25 an acre. In short, there was a definite two price market for Iowa land in the early years—a cash price of \$1.25 an acre and a time price of \$1.75 an acre for the same land if paid for in a year's time.

The economics of the frontier money market was simple. Those who had money were in a strong position because there was more money wanted on the frontier than there was money to go around at any rate less than 40 per cent for the kind of loans the settlers wanted. The money-lender land-agent of the Iowa frontier found an easy way to get around the legal maximum interest rate in order to get the 40 per cent which the supply and demand for money allowed.

The sale and disposal of Iowa's 35,700,000 acres by the Federal Government included not only outright sales for cash but the extensive use of military land warrants, many of which became available after the Mexican War. Under the Act of 1847, large quantities of the warrants were authorized, and they were made assignable (transferable) soon after. In this situation the warrants were as good as money in the purchase of land. One reason for the popularity of the military land warrants was that they could usually be bought for less than \$1.25 an acre in the market which existed. There was an extensive market for the warrants because many of those who received them

for military service wanted cash rather than land.

Quotations on land warrants varied. They were sold at from 75 to 80 cents an acre in 1847-1848, as low as 68 cents an acre in 1849. They gradually increased to \$1.10 to \$1.20 an acre in the years 1853-1856 but dropped down to 70 to 90 cents an acre in 1857-1860. A circular advertisement which was issued in the early 1850's by Le Grand Byington, a money-lender land-agent located in Iowa City, offered to sell land warrants in Iowa City at \$135 cash for 160 acres and at \$200 on one year's time. This gave the cash buyer a price of 84 cents an acre and the buyer on a year's time a price of \$1.25 an acre.

More land in Iowa was sold for military land warrants than for cash by the United States Government. This is indicated in R. L. Lokken's *Iowa—Public Land Disposal*, as shown below:

<i>Disposal of Iowa Lands by the Federal Government</i>		
Sale by use of military land warrants	14,100,000	acres
Sale for cash	11,900,000	
Grants by Federal Government		
To railroads	4,400,000	
To education	2,100,000	
Internal improvements	2,300,000	8,800,000
Homesteads—Law of 1862		900,000
Grand total in acres		<u>35,700,000</u>

Strictly speaking, the land warrant sales were not sales but grants for military service. Most buyers, however, who used these warrants obtain-

ed them in the market for a price, simply using them in place of cash because it cost them less to buy this way. Consequently, viewed from the standpoint of the land buyer these land warrant transactions were sales similar in most respects to cash sales.

Railroad grants were an entirely different type of grant from the military land warrants. The Federal Government granted the land first to the State of Iowa and the state in turn granted it to the railroad as an incentive for the construction of railroad lines within the boundaries of Iowa. The first major grants by the Federal Government to Iowa occurred in 1856 for four proposed railroads. These roads eventually became the Burlington, Rock Island, Northwestern, and Illinois Central. The acreage involved in the grants to the railroads was estimated at 3,500,000 acres. The State Legislature accepted the grants and the unsold public lands near the proposed railroad lines were taken off the market at the various land offices.

The railroad grants were alternate sections for six miles on each side of the proposed right-of-way. Since these first major grants did not come until 1856 there were many areas where the alternate sections were already in private hands. Where this happened the railroads were allowed to take "in lieu of" lands—that is they could take other available lands in place of those already

taken. Another provision raised the price of all public lands within the six mile area on each side of the railroad to \$2.50 an acre; this applied when the unsold lands were again placed on the market after the railroads had taken their alternate sections.

Settlers and others who wanted to buy the lands granted to the railroads had to pay what the railroads asked and the railroads were able to put their own price on the land they obtained under such grants.

Lands granted to the state for education, including section 16 in each township, were also different from the land warrants. In most cases the land for education went directly to the state and the state acting under its own policy set the price, time, and other conditions under which these lands were sold.

Public lands in Iowa sold at a rapid rate in the middle fifties. Around 28 per cent of the state had been disposed of by the Federal Government between 1838 and the middle of 1853. In the next three years to June 30, 1856 an estimated 40 per cent of the state was sold for cash and military land warrants. Add to this the railroad grants of 1856 and 1857, and the total disposed of by the Government by 1858 was near 80 per cent, with the remaining 20 per cent located mainly in the northern and northwest portions of the state.