

LAND FOR DAKOTA'S RAILROADS

by

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The federal government in 1850 had nearly 1,400,000,000 acres of land in the public domain in the western and southern states and territories. The land was offered to settlers at low prices but there were few buyers because of the lack of transportation and communication in the regions. Then, following the earlier policy of giving land to aid in building canals and wagon roads, the government decided to grant land directly, or indirectly through the states, to encourage construction of railroads. This policy would attract settlers to the land, increase the taxable wealth, enhance the value of the land and create a market for the enormous amount of unsalable land in the public domain.¹

In 1850 the first land grant act was passed and the Illinois Central Railroad received six odd-numbered sections of land per mile of constructed road. Alternate sections were given to allow the railroad to secure its land in large tracts but anything larger than a sectional allotment would restrict regular, even settlement of the region. After granting lands to the Illinois Central, Congress, at nearly every later session, made similar grants to aid in construction of other railroads.² By 1871 Congress had directly granted over 130,000,000 acres of land (not counting forfeitures) to western railroads.

The government usually sold land from the public domain to settlers at \$1.25 an acre, but within the railroad grants, the price of the remaining even-numbered sections (retained by the government) was raised to \$2.50 an acre. If this land was readily sold at \$2.50 an acre, the entire transaction of the land grant cost the government nothing. Experience soon proved that the even-numbered sections within the railroad grant sold more readily at \$2.50 an acre than lands outside the grant at half the price. The government sustained no loss and gained by having a better market for its lands and more rapid development of the region. Land, usually impossible to sell or give away where no railroad existed, could be sold for cash.³

In addition to the direct federal grants of land there were federal lands that Congress gave to the states to aid in construction of railroads. Under the Act of Congress on Sept. 4, 1841: "Sec. 8 . . . there shall be . . . granted . . . while under territorial government, for the purpose of internal improvements, as shall make five hundred thousand acres of land . . . Sec. 9 And the net proceeds of the sale of such lands shall . . . be applied to . . . internal improvements . . . namely, roads, railways, canals, bridges, and improvements of water courses and draining of swamps . . ." After 1841, Congress gave each new state 500,000 acres of land for internal improvements, sometimes to be used for aiding rail construction. Iowa, Minnesota, and Nebraska each received some 400,000 acres of these lands and each gave part of the land to the new railroads. The Fremont, Elkhorn & Missouri

Valley Railroad, before entering Dakota, received 100,030.32 acres from Nebraska. Iowa and Minnesota, too, gave their lands generously to the railroads. Four railroads were projected in Iowa, supported by land grants. The Cherokee & Dakota, built across Iowa and Dakota to Sioux Falls, benefited from an Iowa state land grant and the Winona & St. Peter, built in Minnesota and into Dakota, received a generous grant from Minnesota. In all, 79 railroads received either federal or state land grants or both.⁴

Many of the railroads building toward Dakota received substantial grants of federal land in Iowa and Minnesota. The Northern Pacific railroad received a large federal land grant in northern Minnesota--ten alternate sections per mile of constructed road. But the land grant in Dakota was even more generous.

On July 2, 1864, President Abraham Lincoln signed into law the land grant for the Northern Pacific which included the land in Dakota. Every odd-numbered section in a strip of land through Dakota 80 miles wide--40 miles on each side of the track--was given to the Northern Pacific. A further 10 mile strip was intended to furnish lieu lands from which the company could select more land to meet any loss of acreage which had already passed from the federal domain in the 40 mile strip before the grant was made. This included homesteads, unperfected claims, and Indian reservations. In addition, the railroad received a solid strip 200 feet on each side of the tracks on all odd- and even-numbered sections from a point midway between the rails. The land grant therefore extended in a strip a hundred miles wide through Dakota--10,697,490 acres or 23.8 percent of northern Dakota.⁶

The Northern Pacific land grant had the same provision as the Illinois Central land grant, raising the price to \$2.50 an acre for all federal land within the Northern Pacific grant. This applied to land sold outright to settlers or paid for under law allowing them to commute their entries by paying cash for the land. Once they had settled on the land, many people urged that the price be reduced to \$1.25 an acre. The Sioux Falls Daily Press dryly noted this, remarking that southern Dakota wasn't bothered with land grants--the railroads came there without bonuses.⁵

Administration of the land grant was in the General Land Office of the Interior Department. As soon as the railway decided on its approximate route, it sent a map of the proposal to the General Land Office which then withdrew all land from settlement within the indemnity limits of the grant. Whenever 25 consecutive miles of roadway were completed, three commissioners, appointed by the President, would examine the road and report to the President. Land titles would be issued to the railway for the odd-numbered sections and the remaining land would be re-opened for settlement.⁹

The land grant was often interpreted liberally for the railroad, resulting in lieu lands being withdrawn from settlement and reserved, sometimes for years, contrary to public interest. Settlement was prohibited in areas near the railway until title to lieu lands could be obtained.

Squatters often caused difficulties by occupying land despite its withdrawal from settlement. The illegal settlers could not see the justice of being prohibited from settling on the public domain wherever they wished, particularly since the railroad was slow in building. It was necessary for Congress to enact legislation to take care of the squatters and for conflicting claims between settlers and the Northern Pacific.¹⁰

Congress in 1867 made a treaty with the Sisseton-Wahpeton Indians and reserved the Lake Traverse Reservation--a land area covering part of the region that the Northern Pacific built through in 1873. Before the Northern Pacific built into the region, the government, without recalling the previous treaty with the Indians, extended a survey over parts of the Indian reservation, inviting settlement to follow. Squatters occupied the land prior to the location of the railroad and on land that the government had proclaimed open to settlement. Not until 1873 did Congress correct this blud treaty of 1867. In the meantime the Northern Pacific pushed its survey line through the region and filed its plat, for withdrawal of the lands, with the General Land Office on February 21, 1872. As soon as the treaty was cleared the railroad, its survey being on file, immediately attached all odd-numbered sections within the granted lands, thus covering the pre-emption claims of many settlers, who by a ruling of the General Land Office, had acquired no rights to their homesteads while they squatted on these lands reserved for the Indians between 1867 and 1873 and, despite the fact that Congress originally granted only the unoccupied odd-numbered sections to the Northern Pacific. The squatters continued to reside on their claims. Settlers on the odd-numbered sections would be put to the hardship of moving to the even-numbered sections and beginning new homes unless the government should intervene. Congress in 1874 passed a bill allowing the settlers to select land on even-numbered sections in lieu of their old land claims.¹¹

In disposing of the grant lands the railroad had three choices. The land could be mortgaged and the mortgage bonds sold in the eastern states and the land held for future profit after settlement of the region. This land held for speculation, however, would have the effect of retarding settlement--settlers would go to other places where land prices were less. The railroad needed settlement to develop traffic for the road and this could be done only by selling the land.

Another alternative was to sell the land to eastern companies for speculation or grazing. Non-resident Northern Pacific bondholders did buy large amounts of the land, exchanging bonds, which the bondholders had bought for as low as eight cents on the dollar, for the land. They experimented with large scale farming, the success of which attracted thousands of settlers from the eastern states and Europe. English and Scottish land companies, including Williams, Deacon & Company of London, as well as many American firms, bought the land. Abner Coburn, governor of Maine, Henry and William Cooper of Chicago, and Pence & Snyder of Minneapolis had large holdings.¹²

The third choice was to sell the land in small tracts to actual settlers. This was undoubtedly the wisest choice, for

traffic would then quickly develop and provide income for the railroad. This was the market toward which the Northern Pacific aimed their advertising:

Millions and Millions of Acres of Northern Pacific Railroad Lands For Sale, at the Lowest Possible Prices Ever Offered by any Railroad Company Ranging Chiefly from \$2.60 to \$4.00 per acre for the Best Wheat Lands, Best Farming Lands, Best Grazing Lands in the World. Terms of Sale. Agricultural Lands of the Company East of the Missouri River, in Minnesota and Dakota, are Sold Chiefly at \$4.00 per acre and the preferred stock of the company will be received at par in payment. When these lands are purchased on time, one-sixth stock or cash is required at time of purchase, and the balance in five equal annual payments, in stock or cash, with interest at 7 percent. The price of agricultural lands west of the Missouri, is chiefly from \$2.60 to \$4.00 per acre. If purchased on time, one-sixth cash and the balance in five equal annual payments with interest at 7 percent per annum . . . P.B. Groat, Gen'l Emigration Agent St. Paul, Minn. or Chas. B. Lamborn Land Commissioner St. Paul, Minn.¹³

The railroad offered competitive prices and terms; in most cases a partial payment for the land was used so the land costs could be spread over several years. Though land sales by the railroad were slowed by competition from federal homestead land, the railroad could show a compensating advantage to the settlers for their own land. Their big attraction was transportation--the opportunity to haul farm products to market and maintain communication with the eastern states.¹⁴

By 1872 the Northern Pacific had received applications, mostly from actual settlers, for nearly a quarter million acres. Nearly two million acres had been surveyed and placed on the market at a cost of about a cent an acre. Within three years a half million acres had been sold and in another three years almost two million acres were sold. The rapid settlement during the land boom beginning in the latter 1870s nearly exhausted the Northern Pacific land holdings.¹⁵

There were profits to be made from townsite sales, too. Brainerd, at the crossing of the Mississippi in Minnesota, in the sale of town lots paid off well for the Northern Pacific. Detroit Lakes, to the west of Brainerd, was also profitable. Speculators often bought lands from the railroads to profit by the sale of town lots to settlers. George Worthington, a real estate promoter in Valley City, Dakota, contracted with the Northern Pacific in 1874 to reserve all the railroad lands in Townships 139 and 140 in Range 58. Worthington bought the land at \$3.00 an acre, payable in company bonds, then worth nine cents on the dollar. Section 21 of Township 140 was reserved as a townsite with lots sold at \$5 an acre to actual settlers and \$10 to nonresidents.

The sale of the railroad lands provided a large part of the income for construction of the road. In turn, the settlement of actual settlers along the right of way developed

the traffic needed to sustain the operation of the road. The federal government gained by the land transaction by having a better market for its lands. Too, there was a more rapid settlement of the region. The railroad land grant system was a success.

NOTES

1. Yankton (Dakota) Press, 7 February 1872.
2. Yankton (Dakota) Press, 19 April 1871. Statutes at Large, 466, 20 September 1885.
3. Yankton (Dakota) Press, 19 April 1871.
4. Yankton (Dakota) Press, 2 November 1870; 19 April 1871; Leonard Ralston "Railroad Interests in Early Iowa," Annals of Iowa, 41:7 Winter 1971, (113); Sheldon Addison, "Land Systems and Land Policies in Nebraska"; Pubg. of Nebraska Historical Society, 1936, Lincoln. NX11 213.
5. Clement Lounsberry, North Dakota History and People (Chicago: S.I. Clarke, Co., 1917), 331. Hereafter cited as Lounsberry, North Dakota.
6. Union and Dakotain (Yankton) 6 April 1865; Murray Benedict, Farm Policies of the United States 1790-1950, A Study of Their Origins and Development (New York: 20th Century Fund, 1953), 73. Hereafter cited as Benedict, Farm Policies; Lounsberry, North Dakota, 331; Eugene Smalley, History of the Northern Pacific Railroad, 1883 (New York: G.P. Putnam's Sons, 1886), 167. Hereafter cited as Smalley, History. The original Northern Pacific grant was for 47,000,000 acres with 10,697,490 acres in Dakota. The Northern Pacific did not satisfy all requirements and in a final decision received only 38,916,338 acres.
7. Lounsberry, North Dakota, 331.
8. Sioux Falls (Dakota) Daily Press, 7 January 1885; Union and Dakotain (Yankton) 8 April 1865.
9. Robert Riegel, The Story of the Western Railroads (New York: Macmillan Co., 1966). Hereafter cited as Riegel, Western Railroads.
10. Benedict, Farm Policies, 73; Sidney Miller, Railway Transportation Principles and Point of View (Chicago: A.W. Shaw & Co., 1925).
11. Moses Armstrong, The Early Empire Builders of the Great West (St. Paul: E.W. Porter Co., 1901), 324, 347-348.
12. Lounsberry, North Dakota, 339; Riegel, Western Railroads, 131-132, 282, 284; Frederick Cleveland and Fred Powell, Railroad Finance (New York: D. Appleton & Co., 1912, 1919), 61.
13. Rand McNally's Pioneer Atlas of the American West (Chicago: Rand McNally, 1956), 4.
14. Riegel, Western Railroads, 279-286; Lounsberry, North Dakota, 339.

15. American Railroad Journal, XXIII:32, 19 August, 1872, 1005:
Press and Dakotaian (Yankton) 11 June 1874. Hiram M. Drache, The Day of
the Bonanza (Fargo: North Dakota Institute for Regional Studies, 1964),
141.

16. Henry Poor, Manual of the Railroads of the United States for
1880. H.V. Poor, and H.W. Poor, 13th ed. (New York: Poor's Co., 1880), 75;
Lounsberry, North Dakota, 527.

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RAILROADS

The early history of Kansas and the Great plains is meshed with that of railroads, and many settlers correctly concluded that their economic future would be tied to the railroad revolution. The vision of a transcontinental railroad existed in Kansas even before the Civil War and it caused frenzied promotion, and construction of short and long lines that were supposed to tie into a national railroad network. A few of the projects succeeded, but more typical is the Etwood and Marysville Railroad, the first to begin construction in 1859. It was to run from the Missouri River to Laramie, Wyoming. The tracks advanced only five miles toward their destination before the Etwood and Marysville came to its end.

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