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# THE PUBLIC LANDS AND SCHOOL FUND OF MINNESOTA.

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BY HON. SAMUEL G. IVERSON,  
STATE AUDITOR.

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AN ADDRESS AT THE MONTHLY COUNCIL MEETING OF THE  
MINNESOTA HISTORICAL SOCIETY IN THE HALL OF THE  
HOUSE OF REPRESENTATIVES, FEBRUARY 13, 1911.

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Mr. President and Members of the Historical Society:

It is with a sincere appreciation of the honor conferred upon me that I accept the invitation of your officers to present a paper on the "Public Lands and School Fund of Minnesota." It is eminently proper that a narrative of this nature should be found among your files, for this honorable society and its membership have been intimately associated with the established State School Land policies and the resulting school fund since 1849.

It has been the settled policy of the United States since the Republic was formed, to assist new Territories and States by grants of land for common schools, a university, public buildings, charitable institutions, and other purposes. The manner of handling or disposing of the lands was left with the people of the several states. The Federal Congress has up to the present time regarded the Public Domain as belonging to the people in general, and its laws have been framed so as to encourage the settlement and development of the country. Public lands have never been regarded by the United States Government as a source of revenue or profit. Most of the states admitted into the Union before Minnesota followed the general policy of the Federal Government to a large extent, and made liberal prices and terms on their school and other public lands, to encourage settlers and develop their states. Minnesota early adopted a conservation policy, which should aid the state's development and also insure the enjoyment of our rich

natural resources by the citizens of coming generations. It will be the aim of this paper to tell how the people of Minnesota have handled the liberal gifts of land received from the United States Government.

Our achievements in this regard are sources of wonderment among people in older states of the Union, and of emulation by the citizens of those states which have been admitted in recent years. The results have not been due to automatic operations, but to determined and intelligent work on the part of the splendid men and women of territorial days. Neighboring states, as well located geographically, of equally favorable climatic conditions, received about the same, or even larger, grants of land from Congress; they also had vast tracts of rich agricultural lands, majestic forests of valuable timber and immense deposits of iron and other minerals. The Minnesota School Fund will, however, receive more money from one section of school land, the Hill Iron Mine, than the states of Michigan, Wisconsin and Iowa combined have received, or will ever receive, from all the lands granted to them by Congress. It will be my endeavor to present as briefly as possible those facts in our history which have been largely instrumental in shaping the land laws, which have proven so beneficial to our citizens, and even to the people of other states. The discussion will contain no reference to Government and Indian lands, or to any part of the public domain, but be confined wholly to lands granted by Congress directly to the territory or state for the welfare of the people.

#### FOUNDATION OF THE SCHOOL FUND BY GOVERNOR RASMEY.

On January 9, 1861, Governor Ramsey delivered a remarkable message to the Legislature. Among other public matters discussed, he therein stated that he believed in fifty years from that time the three million acres of school land, when sold, would yield an annual revenue which would raise our educational system above the level of that of any other state in the Union. Of the remaining lands granted by Congress to the state government, including swamp lands, he stated they might realize seven million dollars, the income from which would

endow the University and Normal Schools, pay off the public debt, and aid in establishing a system of broad, public charities. The old saying, "Where there is a will there is a way," has been well illustrated in this connection. Under right guidance our early legislators were saved from the errors that befell neighboring states. They builded wiser than they knew. Our great War Governor spoke with almost prophetic foresight. His dream, if such it may be called, of a great school fund has become a reality. The half century period has just been passed and our school fund alone, in actual, interest-bearing securities, amounts to Twenty-one Million Five Hundred Thousand Dollars, and we still have more than a million acres of school land alone unsold. The lands in the other funds have produced more than Six Million Dollars, and there are now about two million acres unsold.

The school fund is not, and perhaps never will be, large enough to wholly support our public schools, but it now is and will always be a great help to the tax-payer and a guaranty of free common schools. The lands of the other funds have been largely devoted to the purposes indicated in that message. Our people of today speak of our school fund with feelings of pride, and have good reason to believe that before another fifty-year period has passed our State Trust Funds will have reached the Two Hundred Million Dollar mark. These are marvellous figures. The business of caring for the sale or leasing of land is not an ordinary function of state government. During all these years the State has occupied the position of trustee or guardian. Therefore the story of our "State Lands and the School Fund of Minnesota" is of unusual interest, as it is intimately related to the entire romantic history of the State. It is interesting to recall some of the early incidents which led up to the adoption of sound policies for the care and control of these lands.

The assets of a State or Nation may be placed in three divisions, the natural resources or endowment from an All-Wise Creator, its citizenship, and its government and laws. These are the essentials. There can be no organized, successful community without harmonious union of these three indispensable

factors in nation building. The intelligence, happiness, and prosperity of a people, to a large extent, may be measured by those standards.

In natural resources Minnesota was highly favored. No like area on the North American continent was more lavishly endowed with fertile lands, forests, mines, lakes, rivers, and salubrious climate. Here was indeed a land flowing with milk and honey, where untold treasure merely awaited the oncoming pioneer. The fame of these glittering opportunities spread abroad and attracted many brave men and women who were willing to grapple with strenuous frontier life. Ohio, Pennsylvania, New York, and the New England states, contributed most of the earliest arrivals, and soon afterward came the sturdy immigrants from Canada and Europe. No Territory was more fortunate in its pioneers. The organization of the Territorial and State governments brought the ablest men of the Territory together. A sound provisional government was launched, with wholesome and practical laws. The foundation or groundwork of any structure is exceedingly important, and none more so than one upon which is to be erected a political structure dedicated to civilization and humanity's inherent rights. Here again was Minnesota highly favored.

President Taylor sent a Governor to the Territory who was a diplomat, a master in statecraft and with wide experience in public affairs. Above all else he was honest, patriotic, and carried a level head on a pair of broad shoulders. Alexander Ramsey was a giant among big men who were his co-laborers. He was pre-eminently "the Man of the Hour." He wove into the basic political structure of Minnesota the same elements of strength that Washington and Lincoln gave to the Republic,—wisdom and true patriotism. Ramsey was in truth the founder of our great commonwealth and the father of the Minnesota School Fund.

The act of Congress authorizing a Territorial Government for Minnesota was approved March 3, 1849. Among other things it provided that when the lands in the Territory should be surveyed, sections 16 and 36 in each township were reserved for the purpose of schools in the Territory or State which

would follow. Prior to that time Congress had only granted one section (16) in each township to a new territory or state. Minnesota, therefore, was the first to receive this double allowance for schools. In the same year a census was taken, which showed the total population to be 4,940. The value of all property, both real and personal, was assessed for taxation purposes, and amounted to \$806,437.48. During the first year of the Territory's existence the total amount of warrants drawn on the Treasury was \$1,030.50, truly a modest beginning.

Governor Ramsey reached the Territory in May, 1849. The following September the first session of the Legislative Assembly of the Territory was held in St. Paul. The joint session was held in the dining room of a hotel built of logs, situated on Third street. Among the sound words in his first message to the Legislative Assembly were :

Nature has done much for us. Our productive soil and salubrious climate will bring thousands of immigrants within our borders; it is of the utmost moment that the foundations of our legislation should be healthful and solid. . . . Thus you will see, gentlemen, that yours is a most interesting and responsible position, and that in your hands, more than in that of any future Legislative Assembly, will be the "destinies of Minnesota." . . . No portion of the earth's surface, perhaps, combines so many favorable features for the settler as this Territory.

In the introductory part of this memorable message the Governor displayed that breadth of vision which marks him as a constructive statesman. With rare wisdom he comprehended the seriousness and the importance of the work they were about to undertake as it might affect the welfare of the future commonwealth. I quote the following :

To this distant land, so recently a wilderness, the Congress and Executive of the Nation have just given a name, an organized government, and boundaries of the most extended character. These have been given us, that we may in the future bear a distinctive part in that common destiny of progress by which the American name and American institutions are, by superior intelligence, labor and energy, continually borne peacefully onward, to occupy distant regions with civilization and cultivated happiness.

That our part is sustained in a manner in consonance with the national character—that the footsteps of our infant commonwealth

are guided and the twig bent, while it is yet young, in the true direction of political and moral greatness—depends, in a vast degree, upon the earlier legislation of the Territory. Whilst this legislation should be politically wise, it should likewise indicate, as it can measurably create, that high moral tone which will ever attract us tens of thousands of people who rightly deem a regard for an eternal future as a consideration not to be lost sight of in the selection of a location for the pursuit of temporal happiness or wealth.

The establishment of a public school system, as well as the handling of the school lands, received careful thought and attention. Our pioneers believed in the profound doctrine laid down in the great Ordinance of 1787, that "Religion, morality, and knowledge, being necessary to good government, schools and the means of education shall forever be encouraged." They proceeded slowly and cautiously in the organization of the public school system. As early as February, 1851, the Territorial Legislature passed an act creating the University of Minnesota, and adopted a memorial to Congress asking for a grant of one hundred thousand acres as an endowment for its support. Congress the same year did make the grant of two townships, or about 44,000 acres, for that purpose. The lands were to be set apart by the Secretary of the Interior.

#### DEBATES IN THE CONSTITUTIONAL CONVENTION.

The members of the Constitutional Convention, which met in 1857, had an extensive debate on the manner of handling the school lands and school funds. It was proposed and strongly supported, that each county organization should have complete control over the school lands within its borders; that the sale should be conducted by and through the county commissioners; and that the money collected should be received, cared for, invested, and apportioned, by the county authorities. It was urged that as the funds would some day be very large, it would be dangerous to trust so much wealth to the care and control of any single state officer, or of a central board, composed of several state officers. The questions were debated with fervency and zeal. The printed debates record that the experiences of the neighboring states were frequently referred to, and the members were warned to avoid those methods which had produced such unfortunate results.

Thomas Wilson, of Winona, Thomas J. Galbraith, of Shakopee, and others, spoke against the county plan, advocating one permanent central fund, the income from which should be divided equally among all the school children of the entire state, treating them all alike. It was pointed out that in certain counties where the school population might be numerous, and in need of large amounts to help support the schools, the income from the school fund would be small because of the small acreage and inferior quality of the land. On the other hand in certain counties of more extensive areas, but more sparsely settled and having fewer school children, the school fund might be greater, owing to the larger acreage of land, which might include tracts of valuable pine timber. Under the State Permanent Fund proposition, all the school children of the state, in city, village or country, in densely or sparsely settled counties, were placed on an absolute equality, and each should share alike in the division of the income from this fund. It was also maintained that this was in harmony with the terms of the Act of Congress making the grant, as it was a grant to the State of Minnesota for the use of schools, and not a grant to the county.

It was finally decided that the school lands should be sold at public sale, the principal to be forever preserved inviolate and undiminished as a perpetual school fund of the state, and that the income arising from such fund should be distributed to the townships in proportion to the number of scholars between the ages of five and twenty-one years. The Legislature was given authority over the investment of the funds. The debate showed a wide range of opinion among the members, but the sentiment seemed to crystallize, as the several arguments were made, in favor of one central fund. When it came to a vote there were only five votes in favor of the county plan and thirty-nine in favor of the state-wide consolidated plan.

#### GRANTS OF LAND BY CONGRESS.

Up to the time of the actual establishment of the state government, several grants of land had been made by Congress for the various uses of the state.

Under Sections 8 and 9 of Chapter 16 of an Act of Congress approved September 4, 1841, a grant of five hundred thousand acres of land was made to the several states then in existence, and further grants of a like acreage to each new state thereafter admitted into the Union. The act further provided that the land so granted should not be disposed of at a price less than one dollar and twenty-five cents per acre, and that the net proceeds from the sale of said land should be faithfully applied to *internal improvements*, namely, "roads, railways, bridges, canals and improved water courses and draining of swamps, and such roads, railways, canals, bridges, and water courses, when drained, or improved, to be free for the transportation of United States mail, munitions of war, passage of troops, without payment of any toll whatever." The Act of Congress authorizing a State government, approved February 26, 1857, carried with it several specific grants to the State: first, sections 16 and 36, or 1,280 acres, in each township for the use of *schools*; second, seventy-two sections for a *University*, to be selected by the Governor (additional to the grant made in 1851); third, ten sections, or 6,400 acres, to be selected by the Governor, for *public buildings*; fourth, all *salt springs* within the state, not exceeding twelve in number, with six sections of land adjoining, or contiguous as may be, to be selected by the Governor, to be used or disposed of as the Legislature shall direct. On March 12, 1860, Congress passed an Act granting to Minnesota all the *swamp and overflowed lands* within our borders, which had not been previously reserved or conveyed.

#### LAWS OF MINNESOTA RELATING TO THE SCHOOL FUND.

In his second message to the State Legislature, delivered in January, 1861, Governor Ramsey minutely discussed the need of a careful management of our school lands, and again reminded the Legislature of its responsibilities to future generations. He said:

Of this magnificent grant, the great gift of the nation to all the millions who are to inhabit the soil of Minnesota, you are stewards in their behalf, and it devolves upon you to see that the sacred trusts involved are faithfully executed. . . .

The precedent which you shall establish will go far to shape the

future policy of the State in this regard, and therefore upon you will depend, in a great measure, whether these vast estates, consecrated to the noblest aspirations of a free people,—to Education, which is the root of liberty, and to Charity, which is its fruit,—shall be husbanded with a wise and statesmanlike economy, or squandered with a blind improvidence,—whether the institutions to be built upon these ample foundations shall be forecast to the broad measure of our destiny, or stunted in their germ by a selfish eagerness for premature results. . . .

Looking, then, at the ultimate fund to be derived from the school lands as a permanent resource of education for all time to come, it is for you to decide what this magnificent endowment is to be worth as an instrument of social development to the unborn millions of the future. The estimate now placed upon it will be the witness to posterity of the loftiness or the meanness of the views which actuate us. This estimate will be expressed first of all in the minimum price which you shall affix to the lands. The question of a minimum, you will perceive, is in fact the cardinal point to be established.

Here, again were the business sagacity and foresight of Governor Ramsey visible. The United States government, under its cash entry and pre-emption laws, was selling the public domain at a fixed price of \$1.25 per acre. To a large extent that established the price for all lands. It was urged by many that if the State should offer its lands at the government price it would encourage settlement. On the other hand, it was claimed that the State should adopt a much higher price, say ten or twelve dollars per acre, in the interest of a larger school fund. The Governor advocated a middle ground, stating that to fix a very high price would retard settlement and place the state in the position of the speculator, as it could hold its lands for an indefinite term without paying taxes, relying upon future settlements and population to bring a higher price; and that if the state should sell at the low price, the same as was done in neighboring states, the lands would soon all be gone and a comparatively small fund would be realized. The outcome of the discussion was fortunate, a conservative policy was established.

The first result was that the Legislature of 1861 (Chapter 14, G. L. 1861) created a Board, consisting of the Governor, Attorney General, and Superintendent of Public Instruction, to have the general care and supervision of all state lands.

The State Auditor was named "Register," and the State Treasurer was designated "Receiver," of said Board. The minimum price was the amount fixed by the regular board of appraisers, which in no case should be less than \$7.00 per acre, and 25 per cent of the purchase price was to be paid on the day of the public sale, the remainder to run twenty years at six per cent. On the lands that were chiefly valuable for timber, 75 per cent of the purchase price was to be paid in cash, or secured in a satisfactory manner. The same Act provided that the funds arising from such sales should from time to time be invested in United States bonds or bonds of the State of Minnesota.

In 1862 (Chapter 52, G. L. 1862) this law was changed, making the State Auditor ex-officio Commissioner of the Land Office, and fixing the minimum price at \$5 per acre, and providing that 15 per cent of the purchase price should be paid at the time of the sale on agricultural lands, and on timber lands 75 per cent, and the remainder to run twenty years at the rate of seven per cent, payable in advance.

In 1863 (Chapter 12, G. L. 1863) the Legislature again changed the law, particularly as to timber lands, authorizing the Commissioner of the State Land Office to sell pine timber at public sale by the thousand feet, after the same had been duly appraised, payment to be made upon a survey or scale of the amount of timber cut by the Surveyor General of Logs and Lumber, in the district where the timber was situated. Land classified as "Pine Land" was not to be offered for sale until the timber had been sold. With the exception of a reduction in the rate of interest from seven to five per cent, and later to four per cent, and the extension of time of payments on the remainder to forty years, and increasing the kinds of securities in which school funds may be invested, the law of 1863 is substantially the same as the one under which we are operating at the present time.

In 1885 the Legislature (Chapter 269, G. L. 1885) expressly provided that no timber on state lands should be sold under any conditions, unless such sale was necessary to protect the state from loss. Such liability of loss or damage could be by fire, windfalls, or from any other cause, which, in the opinion

of the Governor, State Treasurer, and Commissioner of the State Land Office, would be deemed sufficient. This provision has continued. During these years the State has only sold its pine timber when the land examiners reported that it was in danger of waste or destruction.

Another very important law was passed by the Legislature of 1901 (Chapter 104, G. L. 1901), reserving to the State all minerals on lands owned or that might thereafter accrue to the State.

#### IRON ORE LANDS.

During many years there had been explorations for minerals in the northeastern part of Minnesota, particularly for the precious metals, gold and silver, and several mining camps flourished. During the early seventies iron ore was found in the vicinity of Vermillion lake, and in 1875 a grant of swamp land was made to a railroad company to aid in developing the iron mines. This became the Duluth and Iron Range Railroad Company, which has been a prominent factor in the development of the iron ore industry in Minnesota. In the eighties there were rumors of iron ore discoveries southwest of Vermillion lake, on what has since been known as the Mesaba Range. Up to that time there had been no thought of withholding the state lands from sale on account of the iron ore or other minerals. After the timber had been regularly sold, the lands were then subject to sale for agricultural purposes at the minimum price of \$5.00 per acre. The timber on a great many of the lands in that region had been sold and the land was subject to sale, and no doubt many were anxious to purchase them. This is apparent from a report made by Capt. William W. Braden, who was State Auditor from 1882 to 1891. In this report to the State Legislature, covering the two years ending July 31, 1888, Auditor Braden stated under the head of "Mineral lands:"

I have refused to sell lands in the "Iron Range" of St. Louis, Lake and Cook Counties, believing that the law authorizing sales, especially in the above named counties, should first be amended so as to reserve to the state all the mineral rights. Without doubt, valuable deposits of iron ore will be found on state lands. Such lands should not, in

my judgment, be sold by the acre. Suitable laws should be passed allowing them to be leased for a long term of years, the lessee paying to the State a stated price per ton for the ore mined, as a royalty.

Had Auditor Braden yielded to the pressure of those who wanted him to sell the lands outright, which he could have lawfully done, we would not today be talking of a two hundred million dollar school fund. Through his refusal to sell, the State retained the fee title in those valuable tracts of cut-over lands, which have since shown up countless millions of tons of iron ore. Mr. Braden arbitrarily, and without express authority of law, reserved the mineral on certain state lands which he sold in the vicinity of Grand Rapids in 1890. That was in a country far removed from any known iron discoveries. Since that time iron has been discovered even to the westward of Grand Rapids. In the Legislature of 1889 a bill drawn by Mr. Braden was enacted into a law, permitting the leasing of state lands for iron mining purposes.

At this point your attention is called to the law passed by the Legislature of 1863, directing that the state lands should be classified, and that those known as "pine timber lands" should not be sold outright until the pine had been sold at public sale and the timber accounted for according to a surveyor general's scale. That Act reserved the fee in the State, until such time as the land should be wanted for agricultural purposes. Thus it happened that when iron was discovered the State found itself the owner in fee of about 40,000 acres of lands situated squarely on the narrow belt of land extending from Mesaba station on the Duluth and Iron Range Railroad southwest to Grand Rapids. If the State had offered its lands with standing timber for sale, the chances are that nearly all would have been sold, perhaps for a high price per acre, in which event the iron deposits would of course have fallen to the several buyers. The most valuable iron mines on the range were obtained from the government, under the Federal land laws, without any regard to the fabulous wealth that lay beneath the surface. The classification of the lands in the early days was for the purpose of insuring to the State a fair return for the value of the timber, because it was reasoned out

that land carrying timber varied greatly in value, according to the quality and quantity.

There is a suggestion of luck in the finding of these large iron mines on state lands. The State's good fortune has come as a blessing to us and to millions of Minnesota's future citizens, because at critical times in the affairs of the State her servants acted with wisdom and devotion to the public welfare. The range of iron ore bearing lands has been extended into other counties, far removed from the original discoveries, and large deposits have been found. There appears no limit to the future possibilities. The law of 1901, reserving all mineral on state lands for the exclusive use and benefit of the school and other trust funds to which the lands belong, insures large returns from future discoveries.

#### INVESTMENT OF MONEY RECEIVED.

Under the constitution adopted in 1857, the Legislature was given full authority to prescribe the method of handling the funds and to specify the kinds of securities. It has always been a matter of great concern to find safe investments for the moneys received from the sale of lands, timber, and minerals. Permanency and security for the funds, rather than high rates of interest, have been the things sought for. The first law on the subject limited the investments to bonds of the United States and of the State of Minnesota. A few years later a Board of Investment was created consisting of the Governor, State Treasurer, State Auditor, President of the Board of Regents of the State University, and the Chief Justice of the Supreme court; and the bonds of several other states of the Union were added to the list of permissible investments. Sometime thereafter the bonds of all the states of the Union were recognized.

In 1886 an amendment to the constitution was adopted by the people, authorizing the investment of these funds in school district bonds within the State at five per cent interest, limiting the amount that could be loaned to three per cent of the assessed value of the real property, and creating a smaller Board of Investment to conduct this business, consisting of the Gov-

ernor, State Treasurer, and State Auditor. This last method has been amended from time to time, until now the loans can be made to all the municipalities of the State, such as counties, townships, cities, villages, school districts, and county ditch bonds, all at a uniform rate of four per cent interest; and the maximum amount that can be loaned has been increased to 15 per cent of the assessed real property valuation.

Under this system the State Auditor makes a levy upon all the taxable property within the municipal corporation for both principal and interest as the bonds become due, and the amount is paid to the County Treasurer by the property owners with their general taxes. At the proper time the State Auditor makes a draft on the county treasurers for the principal and interest due, which is paid into the State Treasury in the same manner as all other demands of the State. It is a gratifying fact, and a tribute to the business judgment of both the Legislators and the Board of Investment, to be able to state that from the beginning of the State government to the present time not one dollar has ever been lost on the investments of moneys belonging to the school and other trust funds. The income derived from the investments in the permanent school fund alone, has increased from \$70,016.45 in 1864 to \$807,164.11 in 1910.

The distribution is made in March and October yearly on the order of the State Superintendent of Public Instruction. This now produces about two dollars a year for each pupil in our public schools. The total income since the organization of the State, which has been apportioned twice a year for the benefit of the public schools, reaches the enormous sum of \$18,020,173.47. In other words, that is the amount actually received as the income from our permanent school fund; and we have the principal intact, amounting to twenty-one and a half million dollars, and now increasing at the rate of more than a million dollars a year.

#### STATISTICS OF LAND GRANTS, SALES, AND RESULTING FUND.

A historical review of this kind would be incomplete without showing in detail the total acreages actually acquired by

the State under the various congressional grants, the amounts conveyed by sale or otherwise, the proceeds resulting from sales of land, timber, or minerals, and the securities in which the trust funds are invested. The acreage granted and approved to the State up to the present time under the several acts of Congress are:

School lands .....	2,955,902.80	acres.
Internal Improvement lands .....	499,286.50	"
Public Building lands .....	6,395.12	"
Agricultural College lands.....	94,439.28	"
State University lands.....	91,524.99	"
Salt Spring lands .....	44,917.69	"
Swamp lands .....	4,461,157.14	"
	<hr/>	
Total .....	8,153,623.52	acres.

By an Act of the State Legislature (Chapter 133, G. L. 1873), the *Salt Spring lands* were transferred to the custody and control of the Board of Regents of the State University of Minnesota, to be sold in such manner or in such amounts as they may see fit, devoting the proceeds for a geological and natural history survey of the State. The law provided that the Board of Regents shall make a full statement of the sales of the Salt Spring lands, together with the moneys received, when the geological and natural history survey of the State shall have been completed. In recent years the amounts collected from the sale of the lands and interest on land contracts have been regularly paid into the State Treasury and paid out again on the requisition of the Board of Regents for the natural history and geological surveys. No permanent fund was ever created from the Salt Spring lands. The total amount obtained to date and expended on the geological and natural history survey is about \$315,000, which presumably is about the sum realized from the sale of the lands, both principal and interest. With the exception of the Salt Spring lands and a portion of the first grant to the State University, all the lands granted by Congress to the State of Minnesota have been handled and managed by the State Auditor's Department.

The following is the acreage of the lands granted or con-

veyed by acts of the State Legislature or sold under the State land laws:

School lands .....	2,015,332.26	acres.
Internal Improvement lands.....	491,528.79	"
Public Building lands .....	6,395.12	"
Agricultural College lands.....	94,439.28	"
University lands .....	69,354.04	"
Salt Spring lands.....	44,917.69	"
Swamp lands .....	2,945,251.00	"
	<hr/>	
Total .....	5,667,218.18	acres.

The acreages of unsold and unconveyed lands at this time, which have been patented to the State, are:

School lands .....	940,570.54	acres.
University lands .....	22,170.95	"
Internal Improvement lands.....	7,757.71	"
Swamp lands .....	1,515,906.14	"
	<hr/>	
Total .....	2,486,405.34	acres.

The following statements show the total accumulations from all sources, credited to the several funds, and the securities owned by the respective funds, up to and including August 1, 1910. The receipts from the Agricultural College lands are included in the University Fund.

*Permanent School Fund.*

*Accumulations.*

Sales of lands.....	\$12,725,306.42
Amounts paid on forfeitures, right of way, etc.....	193,120.65
Sales of timber .....	6,053,690.73
Mineral permits and leases.....	277,050.77
Royalty on iron ore.....	1,391,832.86
Profits on sales of bonds.....	361,569.94
	<hr/>
Total .....	\$21,002,571.37

*Investments.*

Cash in State Treasury.....	\$100,462.81
Unpaid principal on land contracts.....	5,953,905.95
Bonds as follows:	

Alabama (\$143,000) 5 per cent.....	140,755.00
Delaware, at 3 per cent.....	4,000.00
Louisiana, at 4 per cent.....	150,000.00
Massachusetts, at 3 per cent.....	2,595,000.00
Massachusetts, 3½ per cent.....	300,000.00
Minnesota Capitol certificates, 3 and 3½ per cent....	1,900,000.00
Minnesota cities, counties, townships, and school districts .....	8,037,017.61
Tennessee, 4½ per cent.....	270,000.00
Utah, 3¼ per cent.....	100,000.00
Virginia (\$1,635,000), 3 per cent.....	1,451,430.00
Total .....	\$21,002,571.37

*Permanent University Fund.**Accumulations.*

Sales of lands .....	\$831,341.57
Amount paid on forfeitures, right of way, etc.....	15,540.81
Sales of timber .....	500,441.21
Mineral permits and leases.....	70,803.00
Royalty on iron ore .....	22,329.65
Transfer from State Institutions Fund.....	7,292.73
Transfer from Internal Improvement Land Fund.....	150.00
Profits on sales of bonds.....	900.00
Total .....	\$1,448,798.97

*Investments.*

Cash in State Treasury .....	\$17,924.98
Unpaid principal on land contracts.....	283,384.94
Bonds as follows:	
Delaware, 3 per cent.....	131,000.00
Minnesota cities, vilages, etc., 4 per cent.....	539,244.00
Massachusetts, 3 per cent.....	130,000.00
Tennessee, 4½ per cent.....	80,000.00
Virginia (\$355,000), 3 per cent.....	267,245.05
Total .....	\$1,448,798.97

*Internal Improvement Land Fund.**Accumulations.*

Sales of lands .....	\$2,808,549.38
Amount paid on forfeitures, right of way, etc.....	21,008.05
Sales of timber.....	114,190.44
Mineral permits and leases.....	850.00
Total .....	\$2,944,597.87

*Investments.*

Cash in State Treasury.....	\$8,573.77
Unpaid principal on land contracts .....	277,930.35
Louisiana bonds, 4 per cent.....	23,000.00
Virginia bonds (\$55,000), 3 per cent.....	52,093.75
Railroad adjustment bonds, destroyed.....	2,533,000.00
Prison Building certificates of indebtedness, 4 per cent...	50,000.00

Total ..... \$2,944,597.87

Deducting \$2,533,000, Railroad Bonds, leaves \$411,597.87 actually in the fund.

*Swamp Land Fund.**Accumulations.*

Sales of lands .....	\$971,428.51
Amount paid on forfeitures, right of way.....	9,265.69
Sales of timber.....	460,672.17
Mineral permits and leases.....	65,137.00
Royalty on iron ore.....	74,751.83

Total ..... \$1,581,255.20

*Investments.*

Cash in State Treasury .....	\$9,087.62
Unpaid principal on land contracts.....	770,493.58
Louisiana bonds, 4 per cent (transferred from State In- titutions Fund) .....	38,000.00
Minnesota Capitol certificates, 3 per cent.....	200,000.00
Minnesota school districts, cities, counties, etc.....	466,694.00
Virginia bonds (\$100,000), 3 per cent.....	96,980.00

Total ..... \$1,581,255.20

*Total Amount received for all the Funds.*

Permanent School Fund.....	\$21,002,571.37
Permanent University Fund.....	1,448,798.97
Internal Improvement Land Fund.....	2,944,597.87
Swamp Land Fund .....	1,581,255.20

Total ..... \$26,977,223.41

## INTERNAL IMPROVEMENT LANDS.

The 500,000 acres of Internal Improvements Lands, granted in 1841, have had a somewhat meteoric career. They lay

dormant until 1872, when by constitutional enactment a permanent fund was created. In 1881 the Legislature (Chapter 104, G. L. 1881) passed an Act to apply the moneys of this fund to the payment of the railroad adjustment bonds of 1881. These bonds were issued as a compromise in the settlement between the State and the holders of the old State Railroad Bonds of 1858. By a substantial vote the people appropriated these fine farming lands toward the extinguishment of the folly of the Legislature of 1858.

In 1891, when the bonds of 1881 were subject to call, a refunding act was passed (Chapter 31, G. L. 1891) to refund at a lower rate an amount of bonds which, with the proceeds of the Internal Improvement Fund, would provide for the entire bond issue of 1881. The amount of the fund thus used for the purchase of the bonds of 1881 was \$2,533,000, which were duly destroyed. The last of the issue of 1891 which refunded the remainder, was paid by the State in July of 1910. Thus, after a lapse of 52 years and the payment of millions of money, did the people maintain the honor and credit of the State.

In 1896 the people voted to devote the remainder of these lands for the purpose originally intended, namely, for good roads, bridges, and highways in general. The fund now holds over \$400,000 in securities, and the remaining lands should bring this up to a half million, which will no doubt forever remain as an endowment for better roads and bridges in the State.

#### PUBLIC BUILDING LANDS.

The ten sections of lands given to the State in the Enabling Act for Public Buildings were selected in the County of Kandiyohi, and they remained undisturbed until the Legislature of 1901 (Chapter 177, G. L. 1901) passed an act directing the State Auditor to sell the lands and to credit the proceeds to the Revenue Fund for the purpose of completing the State Capitol Building. The total amount realized from the 6,395 acres was \$125,482.00. The sales were made under the same conditions as other state lands.

## AGRICULTURAL COLLEGE LANDS.

In an Act approved July 2, 1862, Congress made a grant of lands amounting to 30,000 acres for each senator and representative in Congress, under the apportionment of 1860, as an endowment for the support of a college where the leading object shall be "to teach such branches of learning as are related to agriculture and mechanic arts." Under that grant the State was entitled to 120,000 acres. The act provided that if double minimum lands were selected, that is, lands within the limits of a railroad grant, then the State should be charged double for each acre so selected (page 243, Vol. 5, U. S. Land Decisions). The State Auditor in 1867 selected 25,511 acres of such lands which counted double on the grant. Therefore the State actually received on this grant 94,439.28 acres only, but it was a complete satisfaction of the terms of the granting act. These selections were very choice agricultural lands and were all sold many years ago.

The Legislature of 1865 (Chapter 7, G. L. 1865) passed an Act to establish an Agricultural College and Experimental Farm. It was located on Section 16, Township 115, Range 28, which is near Glencoe in McLeod county. The act created a board to be known as "The Agricultural College Board," to consist of the Governor, Secretary of State, and President of the State Agricultural Society, as ex-officio members, and four members to be elected by the Legislature. The Board was given full care and management of the College and farm and the disposition of the lands and funds donated. All the swamp lands in McLeod county were donated to that college, and the interest from the proceeds from sales of the lands granted by Congress was applied and appropriated annually to the maintenance of the Agricultural College. By Chapter 9, G. L. 1865, the Legislature in effect amended the former act by providing that the lands granted by Congress should be appraised and sold and the moneys handled in the same manner as school lands, that is, creating a Permanent Fund as an endowment for the Agricultural College. The act further provided that if any part of the moneys invested should be lost, through any

cause, the loss should be replaced by the State, so that the fund should forever remain undiminished.

In Chapter 1, G. L. 1868, the Legislature passed a law to reorganize the University of Minnesota, and to establish an Agricultural College therein. This repealed the Act establishing the Agricultural College in McLeod county; and by Chapter 55, G. L. 1868, the lands granted by Congress as an endowment for a College of Agriculture and Mechanic Arts were to be sold in the same manner as school and other state lands, and the proceeds to be credited to the Permanent University Fund, the same as other lands granted by Congress for University purposes. Therefore the proceeds from the sales of the Agricultural College lands and the University lands became merged in the Permanent University Fund, and the income from the investments was appropriated for the support of the State University.

#### SWAMP LANDS.

By an Act approved September 28, 1850, Congress granted to the State of Arkansas all the swamp and overflowed lands unfit for cultivation, to enable that state to construct the necessary levees and drains to reclaim them. In an Act approved March 12, 1860, Congress extended the provisions of that act to Minnesota and Oregon. The manner of selecting these lands was largely left discretionary with the Secretary of the Interior.

After some correspondence between the Governor and the Interior Department two propositions were submitted to the State, first, whether the State would be willing to abide by the field notes of the surveys as designating the lands, or, second, whether in the absence of their non-acceptance of these notes as a basis, the State would furnish evidence of the character of the lands from an actual survey in the field. The first plan suggested would cause no expense whatever to the State. As a consequence the Legislature in 1862 (Section 48, Chapter 62, G. L. 1862) passed a law to the effect "that the surveys on file in the Surveyor General's office are hereby adopted as the basis upon which will be accepted the swamp lands

granted to the State by the Act of Congress of March 12, 1860." That was the rule by which swamp lands were selected for the State until 1886, when the Department of the Interior made the field notes of survey simply prima facie evidence of the character of the lands, subjecting them to contest and compelling the State to defend its title by competent proof. This rule prevailed until 1903, when the Interior Department, in a large measure, reinstated the rule of accepting field notes of the surveys, and with slight modifications that method controls the selecting at the present time.

The actual character of the swamp lands at the time of making the grant was largely unknown, beyond the fact that they were generally low and flat, open meadows or bogs, and some covered with timber, as is usually found on such lands. The question of their disposition received considerable thought and attention. By some it was contended that the proceeds from sales should be devoted to the purpose of draining and improving them, as the terms of the granting act implied. On the other hand it was urged that Congress had specified no method by which this should be done; and in other states, which had received similar grants and had devoted all or a part to the reclamation of the land, the results had not proven satisfactory. The lands were considered of little value, which was shown by the very liberal grants made by the early legislators in aid of railroad construction.

It is exceedingly fortunate that the lands were not all given away, because on three contiguous forty acre swamp tracts, which the State has received, the trust funds will be enriched by nearly ten million dollars from the iron ore contained therein. This is the well known Scranton mine near Hibbing. Instead of creating a fund from the sale of these lands and using the proceeds for the reclamation of them, our early legislators apparently preferred to give them to railroads or other corporations, so that they would in that way come into the possession of private parties who would have an interest in draining or making them fit for use and occupancy.

In 1881 the people adopted an amendment to the State Constitution (Section 2, Article 8), providing that all the

swamp lands owned by the State, or that would thereafter accrue to the State, should be in all respects treated and sold in the same manner as school lands, and that the principal derived from such sales should become a permanent fund, one-half of the proceeds therefrom to be apportioned to the common school fund of the State, and the remaining half to the educational institutions in the relative ratio of the cost of the support of said institutions. That amendment was in effect a repeal of a grant of 525,000 acres made by the Legislature in 1865 to several State institutions. In 1907 (Chapter 385, G. L. 1907) the Legislature made the provisions of the constitution effective by directing the disposition of the funds as was therein specified.

No doubt the intention of the framers of that amendment to the constitution was to forever prohibit further grants of lands to railroads or other corporations, and saving the remainder to our school fund and to aid in maintaining our other institutions. As a result of that very wise provision, we have saved approximately two million acres of the swamp land grant, many of them exceedingly valuable. The total acreage of swamp lands that have been patented to the State up to the first of August, 1910, was 4,461,157.14 acres. From these lands 2,885,635.63 acres have been conveyed by the State to railroads and other corporations under acts of the Legislature, and 150,954.79 acres have been sold under state laws, leaving at this time 1,424,566.72 acres unsold. All the railroad grants have now been filled, excepting that of the Duluth and Iron Range railroad, which is still entitled to 6,505 acres. An additional 600,000 acres of swamp lands are now in process of being selected and approved, for which the state will at no distant day receive patents.

The following statement shows in detail the dates of the legislative granting acts and the names of the companies and the number of acres of swamp land received by each. It is good evidence of the desire of the people to encourage railroad and other transportation facilities fifty years ago.

*Swamp Land Grants to Companies by Acts of the Legislature.*

Date of Act.	Grantee.	No. of Acres
March 8, 1861,	Lake Superior and Mississippi (now St. Paul and Duluth) R. R. Co.....	694,399.17
March 8, 1861,	Taylor's Falls and Lake Superior (now St. Paul and Duluth) R. R. Co.	91,829.96
March 12, 1861,	County Commissioners of McLeod county, as Trustees of Stevens Seminary .....	4,684.17
March 7, 1862,	Madelia and Sioux Falls Wagon Road .....	4,683.71
March 5, 1863,	St. Paul and Chicago (now Chicago, Milwaukee & St. Paul) R. R. Co.	462,336.00
February 11, 1865,	Minneapolis and St. Cloud (now Great Northern) R. R. Co.....	425,664.00
February 16, 1865,	Southern Minnesota Railroad Co....	36,777.84
March 2, 1865,	Minnesota Central (now Wisconsin, Minnesota & Pacific) R. R. Co...	275,000.00
March 2, 1865,	Cannon River Manufacturing Association .....	24,190.45
March 9, 1875,	Duluth and Iron Range R. R. Co....	600,214.33
March 3, 1881,	Little Falls and Dakota R. R. Co...	265,856.00
Total .....		2,885,635.63

## FUTURE RECEIPTS.

Of the \$27,000,000 received and credited to all the funds, \$7,128,994.55 represents sales of timber, and \$1,902,755.11 from iron-bearing lands. There are about three million acres unsold. Much of this land carries pine or other timber of commercial value. It is safe to estimate that \$7,000,000 more will be realized from future timber sales. Of iron-bearing lands the State is the largest single fee owner. We do not own the largest mines, but we do actually own more in the aggregate than any individual or private corporation.

The acreage held under the State Mineral Law at this time is:

School lands .....	20,368.80
University lands .....	3,931.28
Swamp lands .....	5,017.82
Total acres .....	29,317.90

Under these contracts the lessees agree to pay all general taxes on the land, and a royalty of 25 cents a ton. The minimum output is 5,000 tons a year after a railroad reaches within one mile of the land. Before that time an annual fee of one hundred dollars is paid. In 1910, for taxation purposes, the State Tax Commission assessed certain state lands as active mines and fixed the tonnage as follows:

2,330 acres School land.....	105,294,969
440 acres Swamp land.....	31,059,977
520 acres University land .....	8,844,871
	<hr/>
Total tons .....	145,199,817

The money valuation placed on this tonnage for taxation is \$17,035,312.00. That represents a little more than one-tenth of the acreage now under contracts with the State. These lands show up an average of about 1,750,000 tons per forty. This is probably somewhat higher than the entire acreage will produce, but it is not unreasonable to estimate an average of one million tons per forty for all the lands under lease. This will produce 750,000,000 tons of iron, which at 25 cents per ton will make the splendid sum of \$187,500,000. This added to our present funds and other receipts will bring the total to something more than \$200,000,000.

These are very large, almost startling figures, but from information even now obtainable, it is reasonable to believe that this enormous sum will be realized from those lands now under contract within the coming forty-five years. As an additional source of future income, we have the very large acreage of state lands scattered over northern Minnesota, in many of which iron ore has been developed in paying quantities. Another fact to be considered in this connection is that the mineral law of 1889 was repealed in 1907, and it is expected that when a new law is enacted it will provide for a higher royalty per ton and a much larger minimum output. This will in no small degree enhance the future prospects from the iron on state school lands.

The lands too wet for cultivation are being drained. The Legislature has appropriated \$100,000 a year for several years

for that purpose. It is therefore fair to assume that the remaining three million acres, when sold for agricultural purposes, will yield the minimum price of \$5.00 per acre, or \$15,000,000.

The State Government has never undertaken the actual development of school and other state lands. No attempt has ever been made to clear or fit agricultural lands for farming purposes, to cut the timber and sell the logs or other forest products; neither has the State ever attempted to explore or develop those lands which are situated in the iron district. Exploring and developing iron is very expensive and somewhat uncertain, and the State has contented itself with merely being a lessor, giving options or contracts to those who were willing to spend their money in explorations. Parties dealing with the State in this matter were protected in their expenditures, because, under the law, if ore was found they could obtain a binding contract good for fifty years.

#### SUGGESTED CHANGES IN THE STATE LAND LAWS.

The policy adopted by our pioneers for the care and sale of our school and other state lands, and the laws regulating the same, have received a great deal of comment in newspapers and otherwise in the last few years, and in many instances both policy and laws have been criticised. The main reason for such contention is that the laws are regarded as not elastic enough to permit easy acquirement of both timber and land by those who intend to settle upon and cultivate the land.

While it must be admitted that our laws are far from perfect, the size of the existing funds should not be forgotten. The results have been most favorably commented upon by magazine and newspaper writers throughout the country. The State's good fortune is due to the fact that nearly fifty years ago our legislators and executive officers acted with almost prophetic wisdom. The achievements under these landmarks of the State, even though they now appear ultra-conservative, should cause them to be gratefully remembered.

Time, however, has brought about many changes in conditions. In justice both to the interests of the State at large

and to the citizens who live in the counties where state lands are largely located, certain modifications of our laws should be made.

Roads should be built under the supervision of the State Highway Commission, the cost thereof to be assessed against all the adjoining land that may be benefited. In that way school and other state lands can be made to contribute directly to the building of roads, and the Legislature may provide for the same by an adequate appropriation. The reclamation of the wet lands by drainage should continue; a complete and comprehensive fire protection organization should be installed, covering the entire district from Cook county nearly to the Red river of the North; common schools should be assisted in frontier communities not able to support them. The Legislature could make an appropriation which may be distributed by the local and state authorities, within reasonable safeguards. Land not suited for agriculture should be kept for forestry purposes, thus insuring a continuous timber supply.

The building of roads, drainage, forest fire protection, and schools, are undertakings of such a magnitude that private enterprises should not be called upon to undertake them. The enactment of laws along the lines suggested above may not entirely satisfy all critics, but I believe they will be valuable aids to the sale of lands, and to the settlement and development of those districts where the State Trust Fund lands are largely located.

#### SUMMARY OF THE SCHOOL SYSTEM OF MINNESOTA.

It has been the purpose of this paper to present a fairly accurate historical review of the various land grants made by Congress to the State, and the disposition of the proceeds from such lands. Some space has been profitably devoted to public events in the early history of the Territory and State, which have had a marked bearing upon the laws by which these magnificent inheritances have been conserved. We have seen the funds grow year by year, and the moneys securely invested, and we now talk of hundreds of millions in the future.

Our schools of learning command the admiration of the

country. Our great State University, with five thousand students, we confidently believe will receive an endowment from these lands of twenty-five million dollars, insuring a perpetual income of one million dollars a year. This will indeed be a princely income, and it gives positive assurance that higher and professional branches of education will be forever among the opportunities open to ambitious young men and women. The five normal schools are models of their kind. There are at this time 207 high schools, each receiving \$1,750 of direct aid for maintenance from the Legislature, which is additional to the school fund distribution; 173 graded schools receive \$600 each; 400 semi-graded schools receive \$300 each; 1,860 rural schools of the first class receive \$150 each, and 1,127 rural schools of the second class receive \$100 each. The Legislature has set aside about \$850,000 a year from the General Revenue Fund, to aid the schools named. The total number of pupils attending public schools in 1910 was 440,083; the gross sum expended in the year for teachers' wages and all other expenses was \$13,724,437.48; the teachers number 15,157; there are 8,609 schoolhouses, of the value of \$28,506,866; libraries costing \$735,702 are found in 6,566 of the schoolhouses.

As we review the educational developments of the past few years and contemplate the unbounded possibilities of the years to come, our thoughts are filled with deepest gratitude to Alexander Ramsey and his compatriots of pioneer days. The footsteps of the infant commonwealth were guided rightly; the young twig was bent in the true direction. Honesty, fidelity and devotion to the common welfare, were among the materials used in building the foundation of the Permanent School Fund.

The influence of such work upon succeeding legislation is very apparent. The great heritage received from a generous parent government has been sacredly preserved and consecrated to the noblest aspirations of a free people, education and charity. We of a younger generation are enjoying manifold blessings and opportunities. Free popular education is the unerring equalizer of human conditions, and this has been guaranteed to all coming generations. The wealth of these great funds must be guarded by legislators and state officials,

with never-ending vigilance. The old landmarks were firm, safe, and sensible, and they should be stoutly supported. In due time a magnificent, perpetual institution for good, the great school fund will be completed. It will brighten the lives of all our future citizens, and will stand as an enduring monument to the public and private virtues of the founders of the Commonwealth of Minnesota.









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