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# THE CHILDREN'S HERITAGE



THE ACHIEVEMENT OF THE  
MINNESOTA TRUST FUNDS  
AND HOW IT CAME ABOUT

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## PRINCIPAL ENDOWMENT FUNDS

Minnesota School Fund \$ 44,000,000  
Minnesota Total Trust Funds \$ 61,000,000  
Cornell \$ 20,616,000  
Johns Hopkins \$ 24,132,000  
University of Rochester \$ 24,500,000  
Duke University \$ 27,500,000  
Leland Stanford Jr. \$ 28,917,000  
Mass. Inst. Tech \$ 29,293,000  
Chicago U \$ 38,870,000  
Yale \$ 49,144,000  
Columbia \$ 62,601,000  
Harvard \$ 62,039,000  
Rockefeller Foundation \$ 165,000,000  
Minnesota Trust Funds "in sight" \$ 200,000,000

FIGURES FROM WORLD ALMANAC FOR 1927  
AND ANNUAL REPORTS

## The Indian Country

THIS used to be Indian country. That is, the Indians lived here, they belonged to the country and to that extent they owned it. But ownership among the Indians did not mean what it does with us. There were no fences and no boundary lines. The only enclosure was usually one around the grave to keep evil spirits away. No Indian ever staked out a lot or set a corner post. The Indian had no patch of ground he called home; the Indian family camped in one place till they felt like moving; the Indian village might stay in one location or return to it year after year, but it had no permanence and its most pretentious building was a lodge that could be set up in a few hours. The Indian tribe held possession of this or that hunting ground, a loose, random, roving possession.

This country belonged to the Indians as it belonged to the deer and moose and other wild creatures. Before the whites came, the Sioux had driven the Mandans west and had beaten back the Iowas and Winnebagoes to the south. The Chippewas were shoving the Sioux out of the north woods and pressing the Sacs and Foxes back into Wisconsin. The whole country belonged to the Indians, but the territory over which any particular tribe had jurisdiction was vague and disputed. It belonged to the Chippewa or the Sioux as the lots of the other side of the track belong to the Gas House Gang or as the West Side belongs to the Holy Terrors. Never mind about title deeds; the law of the fighting ground or the hunting ground is that it belongs to the tribe that can hold it.

To this day few Indians are interested in the ownership of a definite tract of land. They take allotments to humor the white man's notions, but they camp where they like.

Vague as these tribal titles were, our government recognized them and obtained relinquishment by treaty before entering upon Indian lands. So, in 1837, the

Chippewas ceded to the United States the pine lands on the St. Croix, including what is part of Minnesota. In 1861, the Sioux relinquished their exclusive rights along the Minnesota river. The treaties with the Chippewas for northeastern Minnesota followed and from time to time the tribes were pushed further and further back by bargain as they had driven out their predecessors by battle.

In these treaties the Indians sold something they did not have, the permanent tenure of the land; they retained what they could not keep, the right to hunt and fish. For hunting and fishing rights shriveled with the occupation of the land by the white settlers.

With the best intentions on the part of our government, the Indians got the worst of the bargain. In the treaties, the United States engaged to pay annuities and provide tribal funds. It has held in trust for the Indians the proceeds of timber sales on their reservations. When the reservations were broken up, an allotment of eighty acres was made for every head of family and every boy and girl and papoose.

The government has paid a fair price for what the Indians sold; it could not pay for what was taken from them. When the whites came the land no longer belonged to the Indians. Their domain was whittled and whittled away until the last tribal holdings were ceded as the White Earth and Cass Lake reservations were broken up in 1908.

The Indians still have their allotments, for which they do not much care, and their annuities, which do them little good. They have lost, not the enormous wealth of this land, for that they never had — but they have lost their way of living. There is no longer an Indian country. There is no land where the Indian belongs.

Title and possession together, except for the scattered individual allotments, has passed to the whites.

## Claims By Discovery

FOUR hundred years ago, or thereabouts, a European landed on the Atlantic coast, and then another, and presently another. Each one, as he arrived, waved his sword or raised his cross and with benediction or proclamation took possession of the continent in the name of his most serene highness, or his most imperial majesty, or his most Christian sovereign, as the case might be, tacking his proclamation on a tree, or burying in the ground a copper plate appropriately inscribed. To the mystification of a handful of Indians standing near and in the complete ignorance of some millions of savages thus dispossessed.

For the next hundred and fifty years their serene and illustrious and most Christian majesties swapped back and forth these phantom possessions none of them had ever seen in the course of the interminable wars in which they were engaged. Eventually England became possessor of all the land between the lakes and the gulf as far as the Mississippi, and France of the territory entered by the St. Lawrence, with Spain holding the southwest. But when an English soldier with a detachment of redcoats defeated a French soldier and his garrison on the Plains of Abraham, all that is now Canada passed into the holdings of the British crown.

A hundred years later, the British colonies on the seacoast, breaking away from the mother country, founded first the American confederation and a few years later the United States of America. The colonies owned, on paper, these western lands, bestowed upon them by

their royal charters, duplicate and overlapping grants, stretching to the Pacific ocean, an unknown distance over unknown regions. All that land west of the Mississippi was the Louisiana territory, alternately claimed by France and Spain.

In forming the Union, the thirteen original states relinquished to the central government their western lands. And in 1803, Jefferson bought the Louisiana territory from France. So that what is now Minnesota became, from that time, part of the vast public lands of the United States.

The United States had complete title according to recorded documents; Indians were in actual possession. As the Indians relinquished their holdings by successive treaties between 1837 and 1854 and then one by one ceded their reservations, ending with Cass Lake and White Earth in 1908, the lands became available for entry or for other disposition by congress.

All titles to land in Minnesota, therefore, run back to patents issued by the United States, some to individuals, some to railroads, some to the state. Of the area of approximately 50,000,000 acres, the United States retains, in round figures, one million acres in the two national forests within the state.

The rest — one-fourth was granted to railroads that they might open the country in the pioneer days, one-sixth was given to the state, from which the Children's Heritage is derived, and the greater part has passed into private ownership in homestead and preemption claims.

## Free To All Comers

WHEN Minnesota began to be settled some eighty years ago, there were millions of acres of land to be had for the taking, billions of feet of pine to be had for the cutting, and unknown mineral wealth to be had for the finding.

There was hardly a trace of settlement down to 1840 — a few trading posts scattered over the country, the military reservation at Fort Snelling, some sawmills in the wedge between the St. Croix and the Mississippi left over from Wisconsin, a handful of starving colonists in the Red River Valley. The rest was Indian country.

The territory of Minnesota was organized in 1847 and settlers began pouring in. The census of 1850 showed 6,000 whites in the territory in a thin streak along the Mississippi river as far as St. Cloud, 2,200 in Ramsey county and 1,000 in Washington, 1,000 down river around Hastings and Red Wing and Winona, 400 up the river; 150 in the Minnesota valley as far as Mankato; 1,000 in Pembina which included all the Red River valley, and 97 in Itasca which covered all northern Minnesota.

But in 1855 the number, with the aid of some tall counting, had grown to 40,000 and in 1857 the first state census enumerated 150,000. Still, there is no discounting the sales of public land which were 314,000 acres in 1854; 1,132,000 in '55; 2,234,000 in '56 and even in the panic year of 1857, 1,468,000 acres — five million acres in four years.

These lands were taken mostly under the preemption act. A settler picked his land anywhere outdoors and drove his stakes. As soon as it was surveyed he had the first right to take it at the government price of \$1.25 an acre. If it was very valuable, like the townsite of Stillwater, it was put up at auction. In which case the squatters dressed in their red flannel shirts went in a body to discourage interference by any outsiders,

while one man bid in the entire tract to be allotted according to their agreement.

They had to build everything from the ground up, those settlers pouring in by the thousand, and most of all they needed railroads. There was not a road in the territory, only trails for oxtteams. There was not a carrier except the Red River carts, the uncertain steamboats on the rivers and the mail stage if it could get through. They had to have railroads.

They had no resources but the land. And the land belonged to the government. So they besieged congress, as the settlers were doing in all the new territory west of the Mississippi, and congress accordingly set off some 8,300,000 acres, on either side of several proposed routes, to be given to Minnesota for the benefit of the railroad companies which would build those lines. Public land lying between the railroad sections was held at a minimum of \$2.50. At the same time, congress gave the Northern Pacific a grant running from Ashland, Wisconsin, to Puget sound, of which 2,800,000 acres were in Minnesota.

The Northern Pacific took up its grant, built to Fargo, went broke, reorganized, struggled to completion, went broke again and eventually became a splendid and impregnable property.

The Minnesota land grant roads graded their right of way, took their lands, went broke, reorganized, borrowed \$5,000,000 on the credit of the state, went broke again, and floundered through a sea of debt till they eventually became parts of a going concern in the development of Minnesota.

To these grants by congress, the state afterward added 2,900,000 acres of its swamp lands, of which more hereafter, and 500,000 acres of its internal improvement lands to redeem the railroad bonds. In all, nearly 14,000,000 acres were given to further the building of railroads. They had to have them.

In ten years of swift progress, notwithstanding grasshoppers, Indians and panic,

Minnesota outgrew the territorial stage and in 1858 was admitted to the Union. The west was then demanding the homestead act which the southern states opposed. With the slogan, "*Uncle Sam is rich enough to give us all a farm,*" it became a law in 1862 that whoever would settle on 160 acres should have it free of other cost.

Under the first year of that law, 3,576 homesteaders in Minnesota took up 463,000 acres, the next year 665,000 and 804,000 acres in '66. After the war came a period of tremendous expansion to the west and northwest in which Minnesota fully shared. By 1875 the rich agricultural counties of southern Minnesota had filled so rapidly that there was no substantial increase in population for the next forty years.

Then, in the '80's, there was another land rush, rounding out the population in the southwestern counties, filling in the western border and swarming into the Red River valley with overflow into Dakota. Steadily growing in numbers and wealth, there was a push to the north after 1900 when the agricultural possibilities of the cutover country were first realized. So, in two generations, or three at most, the frontier has been completely overrun. There is no more wilderness to be subdued. The problems of the future are of another sort.

During that period of conquest, two-thirds of the area was given to settlers or sold at nominal prices on the theory that whoever would make the land worth owning

should have it, and more than 13,000,000 acres was given to railroads to make the rest of it worth claiming. A prodigious gift to the railroads, but plenty of grief went with it; an unparalleled present to the people, but those pioneers who won the country and subdued it paid dearly indeed in hardship and privation.

Other lands were obtained by scrip. That was the right to locate so many acres of land which had been given to soldiers of the revolutionary war instead of wages, to Sioux half breeds in lieu of shares in tribal funds, to civil war veterans whose homestead entries fell short of full quarter sections and to various other persons on various grounds. In the early days scrip was freely sold at 25 cents an acre, gradually mounting to fancy prices.

And finally, perceiving that the homestead act in certain cases was simply an invitation to perjury, congress adopted the timber and stone act, under which an applicant had only to swear that he had seen the land, that it would not do for a farm and that he wanted it for himself, whereupon he could have it for the minimum price of \$1.25 an acre unless there was a higher bid.

In these several ways, the land of Minnesota was a gift to the settlers who would make it worth owning and the railroads which would make it worth claiming, except for about one-tenth of the state. And that is the land which, dedicated to the Minnesota trust funds, has been kept for the heritage of the children.

# Minnesota Land Grants

THE principal grants made by congress, from which the Minnesota trust funds are derived, were as follows:

For public schools — sections 16 and 36 in each township, with indemnity for missing parcels; reserved to the territory in the organic act and confirmed to the state in the act of admission; total 2,976,000 acres.

For college of agriculture and mechanic arts — by general law, 120,000 acres to be selected.

For the university — 72 sections, to be selected by the federal government according to the enabling act, and 72 sections to be selected by the governor according to the act of admission; total 92,000 acres.

For internal improvements — by general law, 500,000 acres to be selected.

For public buildings — 10 sections, 6,400 acres, to be selected.

All swamp and overflowed lands in the state, by which 4,711,000 acres were finally deeded.

Six sections at each salt spring discovered, up to twelve locations.

Subsequently, in 1904, 20,000 acres for an experimental forest.

Congress also gave 8,300,000 acres for railroad promotion and included 2,800,000 acres in Minnesota in the grant to the Northern Pacific.

## TITLES AND LAND GRANTS

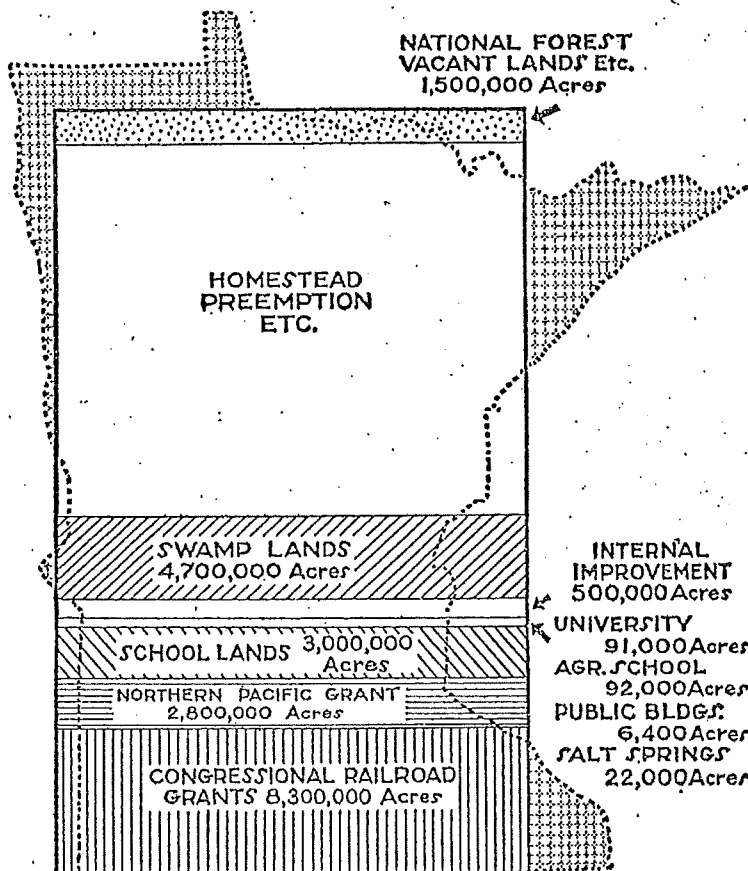


Diagram shows relative areas but not location of lands under several titles.

## The State's Portion

BY the bounty of congress and the shrewdness of the pioneers, more than 8,000,000 acres of the public domain were given to Minnesota, of which, by the original grant or by the state's own choice, 5,000,000 acres were dedicated to the permanent funds. It is from these lands that trust funds have been accumulated rising \$60,000,000 with remainders which promise to reach a total of \$200,000,000.

School lands came first. Congress had been making land grants for academies and free schools, beginning with Ohio in 1803, and by the middle of the century the grant of section 16 in each township was an established tradition. But it happened, when Minnesota was projected, that Oregon was being organized at the same time and in that faroff state congress was setting aside a double grant. General Sibley, who was in Washington as a delegate from Minnesota, though the territory was not born yet, immediately put in an application for like generosity for Minnesota. Congress balked. Until a member from Michigan whose name has not been preserved came to the rescue, saying:

The country to be organized into a territory was a wild, inhospitable, hyperborean region, suitable only for hunters and trappers, and the government should foster, aid and encourage in every way.

—*Report of State Auditor, 1890.*

A bit of mockery on which the state has thus far realized twenty odd million dollars, thanks to Sibley's initial shrewdness.

It was also provided that the state should have indemnity for missing parcels. That might occur because part of the school section was out in a lake, or because it was in a reservation, or because it was snatched by preemption or otherwise. And so it happened that the state had to look elsewhere for 532,000 acres of school lands.

One of the first instances was at the

sale by the government of lands in Blue Earth county, which had been reserved for the Winnebagoes but never occupied. The state protested the sale of the school sections. After a long contest, it was decided that this land, being previously reserved, had not been granted to the state, but that the state was entitled to indemnity. By the time the right was finally established, however, in 1875, the vacant land in the vicinity was all gone.

Repeatedly, as other reservations were broken up, the same question was raised either in a new form or before a new commissioner, and each time the state was found entitled to lieu lands, and each time the auditor of the day bewailed the fact that all the good land had been taken and the state would have to fall back on what was left in the wilderness.

Losses by preemption were even more vexatious. The squatter often picked his land in advance of survey and drove his stakes by guess, which might be half a mile or more out of the way. In behalf of the honest squatter, congress provided that his claim should be recognized even if it was on state land, and it was astonishing how many settlers came forward to explain that they had settled on a school section by mistake. Auditor McIlrath, first of the state watchdogs, complained vigorously in 1868 that fraudulent claims multiplied, that the state had no funds to fight them, and that that law ought anyhow to be repealed.

What happened was that much of those lieu lands were selected where the only value was pine timber or minerals, with results that might have softened the grief of those early watchdogs if they had known.

¶ ¶ ¶

The gift for the college of agriculture and mechanic arts was under the terms of the Morrill act, the first general land grant, giving 120,000 acres to each new state.



An act accepting the terms of the grant was passed as quickly as possible before the good land was all gone. At that, since only the southeastern part of the state had been surveyed, it was impossible to fill the grant without taking a large proportion of double minimum lands, lying between railroad sections which counted two for one. The grant was thus reduced to 94,000 acres, which was presently merged with the university grants and its proceeds placed in the university fund.

Shrewdness of the pioneers was applied to the university land grant. The enabling act had given, as the territorial act had promised, for the university 72 sections to be selected by the land office while the act of admission gave 72 sections to be selected by the governor. After one set of selections had been approved, the state applied for the second. The land office was first surprised but finally convinced. So the university land grant came to 92,000 acres.

To those two grants was added, for the geological survey, the proceeds of the salt springs lands. It seems there was a tradition that was followed in the admission of Minnesota, giving to the state six sections at each salt spring which might be discovered, but not more than twelve discoveries. Those indomitable pioneers went out and discovered their twelve springs, but since the land was not yet surveyed, titles could not be issued, and in the meantime a fire in the Otter Tail land office burned up the notes. When somebody afterward remembered to look them up, not half the springs could be found. From this grant, after giving 3,000 acres to a promoter at Belle Plaine, the state took, for the geological survey, 23,000 acres.

The public buildings grant of ten sections was selected in Kandiyohi county. When the notion of moving the capitol to that site gradually faded out, after one amazing piece of legislative horse play, the lands were first leased to settlers, then to the

county for the benefit of local improvements, and finally sold in 1901.

¶ ¶ ¶

The grant of 500,000 acres for internal improvements was given by an act of 1841 running to each new state as it was admitted. It was taken for granted that the railroad land grant to Minnesota covered that and more too. But in 1867 an energetic citizen of St. Paul went to Washington and camped on the doorstep of the land office until he convinced the authorities that the law said 500,000 acres and not a word about counting the railroad lands against it.

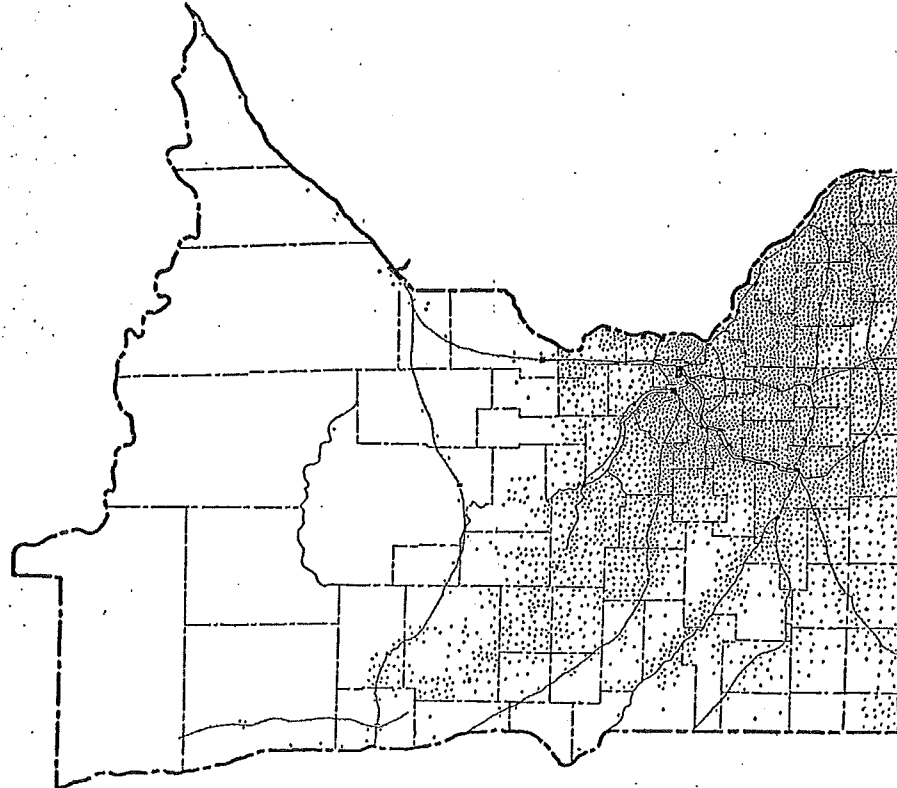
The selection of so much land in the restricted areas then surveyed, where the vacant land was already plastered with railroad land grants, proved difficult. It was necessary to take as high as 4,000 to 6,000 acres to a town to fill in from surveyed lands — a town is 25,000 acres. Most of those selections were in the Minneapolis, St. Cloud, St. Peter and Henderson land office districts. That was all there was to choose from in 1867 and they had to hurry before the good land was all gone. The internal improvement grant was afterwards swallowed, all but a remnant, in the misadventure of the railroads.

¶ ¶ ¶

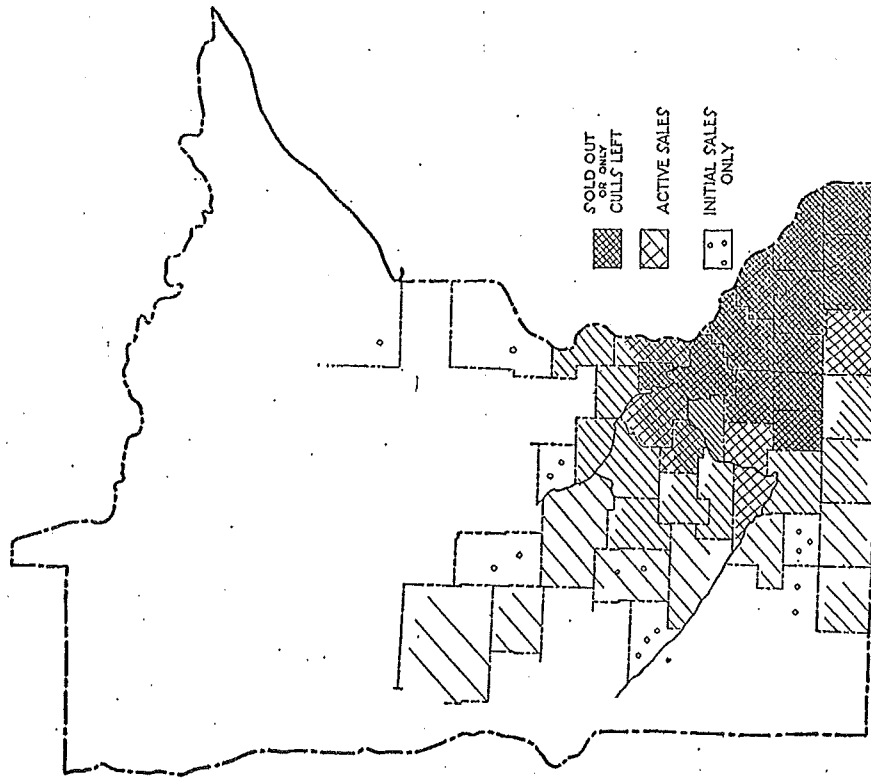
Following a precedent that originated with the bottom lands of Arkansas and other states along the Mississippi, all swamp and overflowed lands in the state were given to Minnesota. The practice was adopted when it was believed that the federal government had no authority to make internal improvements and there was nothing to do with these lands but give them to the states to make them worth something if they could.

It was a gift of unknown extent until the lands were surveyed and the swamps identified. The surveys showed in fact 5,400,000 acres, but what with conflicts and contests and various losses, when the

# MINNESOTA IN 1875



# SCHOOL LAND SALES IN 1875



books were closed there had been patented to the state 4,711,000 acres.

At the outset the state gave away nearly 3,000,000 acres of its swamp lands to encourage railroads. They had to have railroads. As Ramsey, shrewdest of the pioneers, pointed out, this was not like the flooded lands down the river; all the reclamation it needed was use and occupation, and how could that be brought about more quickly than by building roads? Part of the land, 525,000 acres, was also allotted to the institutions.

But in 1881 — the encouragement to railroads had been a disappointment — the state, by constitutional amendment, decided that no more of the swamp lands should ever be given away, but kept as the foundation of a trust fund of which half the proceeds should belong to the schools and the other half should be divided among the institutions, abolishing the separate institutions land. That

carried into the trust funds 1,864,000 acres of swamp lands.

¶   ¶   ¶

There was nothing niggardly in the treatment of Minnesota by congress — 8,300,000 acres given to the state for railroad grants, 3,000,000 acres for the school fund, 500,000 for internal improvements, 200,000 acres for agricultural college and university, and 4,700,000 acres in the swamp land grant. Some was lost and some went astray and some might have been handled differently if they had known what we know now. But, while other states with similar grants disposed of them for nominal amounts or let the proceeds be dissipated, Minnesota built its funds and kept them intact. To the courage and fidelity of the early statesmen and the vigilance of their successors is due the creation and maintenance of this trust, in which are now funds above \$60,000,000 and the promise of an ultimate total of \$200,000,000, for the children's heritage.

## In the Fundamental Law

THE original Constitution of Minnesota, adopted October 13, 1857, before the State was formally admitted to the Union, contains the following provisions relating to school lands and the school fund:

The proceeds of such lands as are or hereafter may be granted by the United States for the use of schools within each township of the state shall remain a perpetual school fund to the State \* \*

No portion of said lands shall be sold otherwise than at public sale \* \* \*

The principal of all funds arising from sales or other disposition of land or other property granted to this state in each township for educational purposes shall forever be preserved inviolate and undiminished \* \* \* \*

Suitable laws shall be enacted by the legislature for the safe investment of all funds which have heretofore arisen or which may hereafter arise from the sale or other disposition of such lands, or the income from such lands accruing in any way before the sale or other disposition thereof \* \* \* \*

—*Constitution, Art. VIII, Sec. 2.*

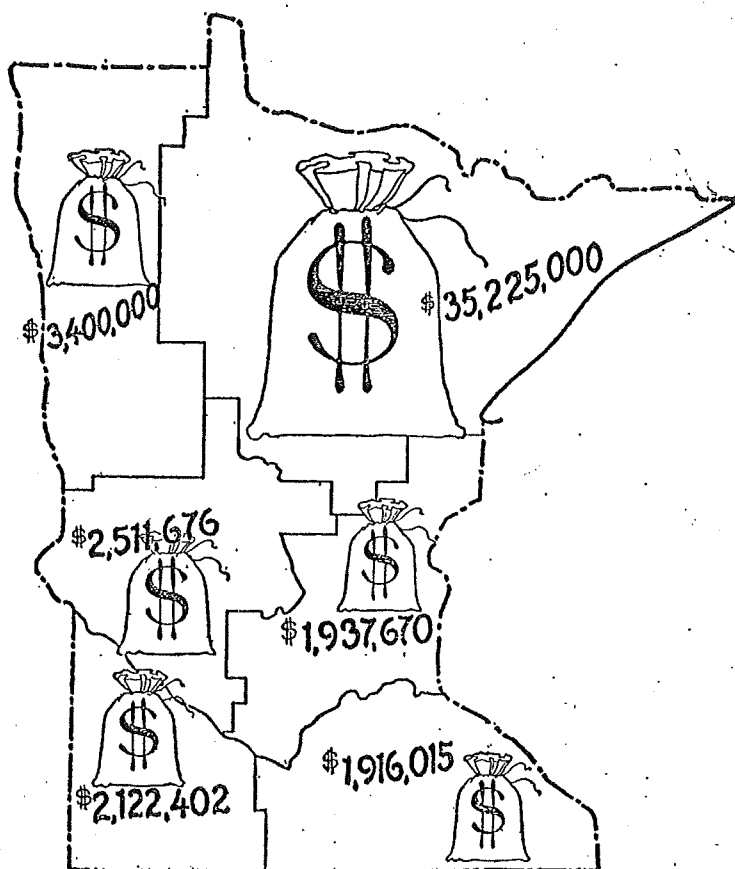
Originally investments were confined to United States bonds or State securities; afterwards loans were authorized to cities, counties and school districts, and recently farm loans were permitted.

The constitutional provisions relating to school lands were extended to swamp lands by amendment adopted in 1881.

Similar restrictions had been placed on internal improvement lands by an amendment of 1872.

## THE SCHOOL FUND

### Where the Money Came From



Proceeds of school lands — districts represent approximately successive periods of activity.

## Guardians of the Trust Funds

THE Act of 1861 created a Board of Commissioners of Public Lands, consisting of the Governor, Attorney General and Superintendent of Public Instruction, with the Auditor ex-officio secretary.

Superseded by the Act of 1862 which made the Auditor ex-officio Commissioner, in charge of sales and the care of property.

Which Act also created the State Board of Investment consisting of the Governor, Auditor and Treasurer; including now, in addition, the Attorney General and President of the University Board of Regents.

Later the Board of Timber Commissioners was established to direct stumpage sales, now consisting of the Governor, Auditor, Treasurer, Forester, and Attorney General.

The Auditors who have been mainly responsible for the execution of the state's trust were in succession as follows:

CHARLES McILRATH . . . . .	1861-1873
O. P. WHITCOMB . . . . .	1873-1882
W. W. BRADEN . . . . .	1882-1891
ADOLPH BIERMAN . . . . .	1891-1895
ROBERT C. DUNN . . . . .	1895-1903
SAMUEL G. IVERSON . . . . .	1903-1915
J. A. O. PREUS . . . . .	1915-1921
RAY P. CHASE . . . . .	1921-

## THE SCHOOL FUND

Where the Income Goes

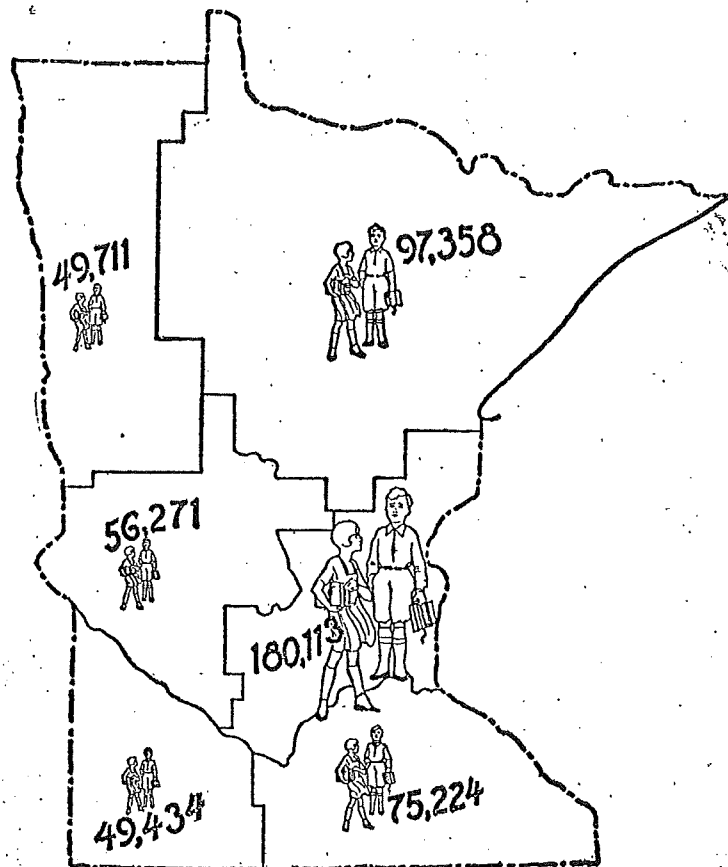


Diagram shows number of children entitled to apportionment in 1926 in the areas indicated on page 13.

## Building the School Fund

**C**HIEF among the state trust funds is the permanent school fund, which now amounts to \$45,000,000, plus a half interest in the swamp land fund, and which may be doubled or even trebled by values to accrue hereafter.

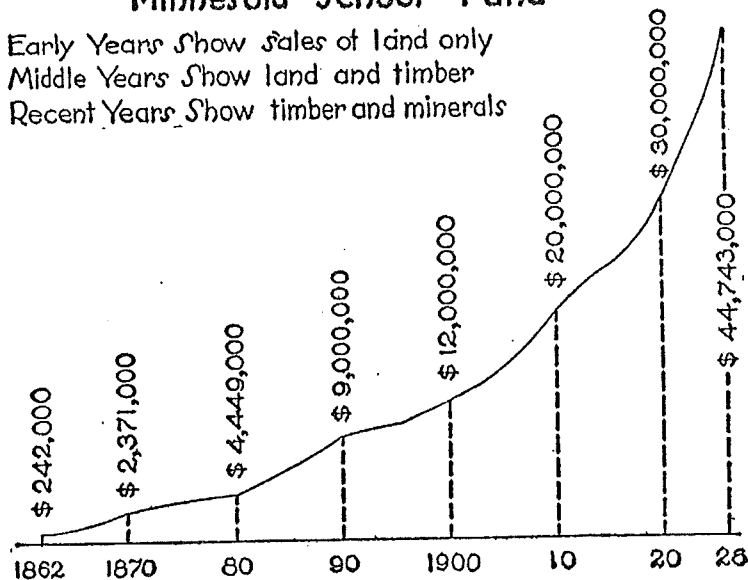
Sibley saved it, Ramsey set it up, and the vigilance and fidelity of every governor and auditor and legislature since then has protected and built it.

Sibley felt obliged to veto. It would not take care of the fund nor protect the proceeds as the constitution required.

Ramsey, who succeeded him, laid the foundations for the system, which, with amendments and additions from time to time, has built and maintained the children's heritage. In his great message of January, 1861, he dwelt upon the importance of this trust:

### Minnesota School Fund

Early Years Show sales of land only  
Middle Years Show land and timber  
Recent Years Show timber and minerals



The Minnesota school fund is unique in the United States. Only Texas, which came into the Union with all its lands, has a larger public estate. In other states the school lands were sold at nominal prices, in wholesale fashion, or distributed even less profitably among the counties, while the proceeds were sometimes dissipated, sometimes squandered or sometimes lent to other funds and never replaced.

Minnesota fixed it in the fundamental law that the lands should constitute "a perpetual fund" and the proceeds should "forever be preserved inviolate and undiminished."

And yet, at the first session, a legislature eager to see the lands settled and the deeds delivered, and trustful that payment would come along somehow, passed a law which

We have at the disposal of the legislature for the promotion of educational, internal improvements and eleemosynary purposes, nearly eight million acres — more than one-seventh of the whole area of the state — an *imperium in imperio*, equal in its aggregate extent to the kingdoms of Holland or Belgium, while it exceeds the combined area of Massachusetts and Connecticut.

The legislature promptly agreed that the governor, attorney general and superintendent of public instruction should act as a commission to set things going, with the auditor as secretary. The commission had to find out what land the state owned, and where it was, and how to acquire title, and arrange to procure plats, and provide for appraisal and regulations for sale or rent. Beside looking over its affairs, the



commission instructed county auditors to report when school lands were taken under preemption, and authorized township officers to make the best deal they could for grass and cranberries on state land. Then they retired, superseded next year by the system which has continued with minor changes ever since.

It was Ramsey's thrifty suggestion that in the day of small things one of the state officials might handle the land business as a side line. The legislature agreed that it would be a good idea to give the auditor something to do to earn his \$2,500 a year, though it was found necessary to allow him an extra clerk at \$800 a year, the beginning of an expanding force, and to increase his stipend. Even now the auditor gets \$100 a year more than the treasurer or secretary of state.

So in 1862, the auditor began doing business as a commissioner of the state land office. The first proceeds were \$572.08, for grass on state lands — nothing reported from cranberry stumpage — and the first sales, under Charles McIlrath, auditor, in October and November 1862, came to \$242,531.60, for 38,017 acres — an average price of \$6.38. There was paid in \$51,992, the nucleus of a permanent fund of fifty millions, the balance outstanding at 7 per cent a year.

That was when the state was stripped of able-bodied men, enlisted for the civil war, when many who remained were off fighting the Sioux; it was when the state was just emerging from the panic of 1857, its treasury empty, one-third of its taxes delinquent, its warrants at 25 per cent discount, paying 20 per cent interest on its overdue coupons; it was when the new homestead laws were throwing open millions of acres of free land. They had pluck, those pioneers.

Those sales were in thirteen counties, along the river from Washington to Houston and back from the river in Fillmore, Olmsted, Dodge, Steele and Rice. Appraisals had been made in eight other counties in the same section. That was the extent of Minnesota in 1863.

Settlers occupying state lands had first opportunity. The first commission in 1861 found that 46,000 acres were thus occupied and subject to rent to the amount of \$16,000 a year. The settlers protested; it was exorbitant; they could not pay it; they would not. They did not. Those were the wooded lands of southern Minnesota and it was argued that the rental should be reckoned on the clearings only. However, when they were permitted to buy the land instead, they cheerfully paid 7 per cent on balance, which came to a little more than the rent they thought was exorbitant. But then they were owners.

Through all these years there has been little variation in the average price fetched. It is \$6.48 for the entire period. It could not be sold for less than \$5 an acre, the constitutional minimum, and it was usually offered as soon as it commanded a better price. So land that has since been valued at \$50 or perhaps \$100 or even \$150 an acre was sold sixty years ago for five or six dollars. But it has been producing wealth, supporting schools and contributing to taxes for two generations. The pioneers had also the right to a share in the benefits.

The fund grew rapidly. Already in 1863, McIlrath could boast that, though the school fund was in its infancy, the first annual distribution was larger per capita than in many of the older and more wealthy states. And two years later, when the accumulation had come to \$841,000, he could speak of "the munificence of this legacy to our common schools," which, he predicted, would eventually come to seven dollars per pupil and pay all the expenses of a common school education.

Still growing, he figured in 1865 that in the 29 counties then surveyed, the proceeds should come to \$3,500,000, and for the whole 3,000,000 acres it might be \$18,500,000. He was right; now that five-sixths of the acres have been sold, the proceeds are \$15,387,000. By 1868, the fund was again doubling, more than \$1,500,000, equal to Massachusetts, New York and Ohio combined.

Such comparisons were a favorite exercise. In 1871 Minnesota boasted a fund already the fifth in size. In 1875, having passed \$3,000,000, it was exceeded only by Indiana, Illinois and Iowa. Lately comparisons have been rather disdained. The Minnesota school fund compares only with itself. So Dunn estimated the probable total at \$30,000,000, Iverson at \$50,000,000 and present estimates are \$150,000,000 or more.

¶ ¶ ¶

Hard times interrupted the progress of the fund. In 1871 there was a perceptible falling off in sales. "Many had bought expecting to pay from the wheat crop. But now that the price of wheat is scarcely more than the cost of production —" how familiar that sounds. In that year, what with the light wheat crop, hail storms and prairie fires, no sales were held except lands previously offered. And in 1873 the panic broke just before the fall sales.

Minnesota was in great distress. In 1877 the state borrowed \$75,000 from St. Paul banks at 8 per cent for seed grain loans. In '78 Whitcomb, then auditor, declared that the treasury situation was the worst it had been since the state began paying its bills. Delinquencies in taxes were appalling; the floating debt was \$172,000 and the treasury was empty. The institutions were floating warrants to pay for groceries. And the grasshoppers were a burden.

In that discouraging season, Whitcomb remarked that, in spite of predictions by "statisticians and others prone to exaggeration," there was no probability that the state school fund would ever exceed \$10,000,000. Not long after he explained further that while the school lands comprised 3,000,000 acres, only one-half the state was available for agriculture and so there was really only 1,500,000 acres in "what was recognized as the habitable part of the state." And of that the larger part was sold. Of the remainder, in 1880, "two-fifths of the uninhabited portion, or one-fifth of the state, is unsurveyed, and one-fifth of the timbered region, or one-

tenth of the state, is in Indian reservations."

Nevertheless, in spite of hard times and all adversity, the good agricultural land in southern Minnesota had been going fast. By 1869 the southeastern counties were pretty well culled over. Ramsey county was sold out and there was little left unsold south and east of Mankato. In 1875 sales had been held in forty-seven counties, covering all southern Minnesota except the western border; in twenty-four of these counties the school lands were exhausted, though some of them came back on the state before the hard times were over.

The railroads had crossed the state from Winona and from Hastings, had connected St. Paul with Chicago and Milwaukee and had opened the outlet by Lake Superior. One branch was built as far as St. Cloud and another was heading for Breckenridge. The Northern Pacific was beginning its march across the continent. As population spread west and northwest, sales of school lands followed. In 1878 the first sales were noted in Becker, Clay, Lyon, Nobles, Rock, Morrison, Redwood and Wadena.

In 1880 bonanza farming was sweeping into the Red River Valley and overflowing into Dakota. When Whitcomb was casting up his account of the habitable half of the state, only eight agricultural counties were still untouched. Big Stone, Kittson, Lac qui Parle, Lincoln, Murray, Pipestone, Traverse and Yellow Medicine. Those were soon taken up and, in 1884, at least part of the lands had been listed in every county except Beltrami.

Sales of agricultural land constituted no problem in the fourteen years that Braden and Bierman were in office. Their new problems were matters of pine stumpage and mineral rights.

The climax was reached in 1898 when the Red River Valley was practically cleaned up and in 1902 when the land run swept into the northern counties that had been reckoned uninhabitable. The record sale of school lands in 1902 was 108,00

acres for \$1,063,000, an average of \$9.78. In Marshall county 20,000 acres at \$164,000, in Polk 20,000 at \$236,000. At the same time, 1901, the public building lands in Kandiyohi county were sold at an average price of \$19.26.

The movement continued into the central and northeastern counties, "the least developed and wildest part of the state," as Dunn pointed out, yet the average was higher than the forty-year return, though "the former sales included the choicest lands in southern Minnesota while the 1902 sales included only lands in the most rugged and inaccessible districts."

Dunn was arguing against a mooted increase in the minimum price. There remained unsold in the 41 southern counties, he said, less than 4,000 acres; the remaining 1,300,000 acres of school lands were in the northern counties.

The settlers in the southern counties enjoyed the advantage of cheap state lands and the state has derived the benefit from the settlement and development of the district which is the garden spot of Minnesota.

In the northern counties, settlement is sparse and land is not nearly so valuable as in the southern; and to advance the price of these lands would retard the settlement of these extensive wilds and keep the counties back at least twenty years in their development.

—*Auditor's Report, 1902.*

Dunn's estimate of the school fund, given in his last biennial report; based on an accumulation in 1902 of \$14,000,000, reckoned \$8,000,000 for the remaining school lands to which he added a guess of \$2,000,000 for timber and a conjecture of \$5,000,000 for minerals, making in all \$30,000,000.

In recent years sales of land have been smaller and, since 1920, the amounts have been insignificant. Attention has been more and more directed to timber and mineral values, and receipts have come in larger and larger proportion from those sources. Of the 630,000 acres remaining unsold, a part is definitely held for its ore deposits and a considerable proportion is set aside for permanent forest. The

school fund, so far as it consists of the proceeds of the sale of agricultural land, is substantially complete. That part of the children's heritage now stands at \$15,387,000.

¶ ¶ ¶

Except at the very beginning, the investment of the school fund has been more of a problem than the sale of the land. In 1870 when there was \$1,500,000 outstanding on contracts and \$750,000 in hand for investment in funds, Whitcomb begged for permission to buy bonds of northwestern states. The law confined them to U. S. bonds, which were rapidly advancing in price, and Minnesota bonds, but the state was not issuing any. Michigan 7's could be had at par. Permission was finally given in 1873 when Missouri 6's were to be had at 95.

Still the money was piling up too fast. United States bonds were out of the question. Ten years after the Civil War, the best return to be had was  $4\frac{1}{4}$ . It was then proposed that the funds be loaned to cities and school districts, which were paying severe rates. That permission was given by a constitutional amendment in 1886 and, by a further amendment in 1916, farm mortgages were made eligible for state loans.

Another embarrassment was that the purchasers were paying up too fast. Reduce the contract rate from 7 per cent to 5 and make it an inducement to defer payments on the contracts. That was also done in 1886, with such satisfactory results that in 1901 when the state was putting out money in Massachusetts and Virginia 3's, the rate, on Dunn's urging, was again reduced to 4 per cent.

For such of the state lands as remain to be sold, the same provisions hold — a cash payment of 15 per cent, a contract for the remainder running forty years at 4 per cent interest. But the greater part of the children's heritage remaining is not for sale. It is to be developed. In a very real sense, the values are still to be created.

## University Endowment

LIKE the school fund, the university lands are nearly all sold; and again like the school fund, the little that is left is expected to double or treble the final total. Small compared with the school trust, the accumulation of \$3,350,000 in the university fund is, after all, quite a respectable sum.

Originally there were two grants by congress, one of 120,000 acres for the agricultural college if and when established, which shrunk to 94,000 acres through taking double minimum lands, and one of 46,000 acres for the university, already chartered by the territory and thus older than the state. That grant was doubled by interpretation. The land office supposed the second grant was a confirmation of the first, while the state held that they were two different grants. The state won, making it 91,484 acres. Incidentally 23,000 acres from the salt springs grant came to the university as an endowment of the geological survey.

The agricultural college lands, available from the start, were selected in 1864, when the state was able to take a large proportion in the old southeastern and central counties. But when it came to the university, the authorities were obliged to go into the newer counties, and when the second selections were made, half the land had to be found in the remote wilderness.

As soon as title passed, in 1867, the state began selling its agricultural college land and practically disposed of it all before 1890, though there were straggling sales until the last acre was sold in 1913. It illustrates the difficulties that the pioneers faced — and overcame — when it is noted that 13,000 acres, one-seventh of the grant, were forfeited and resold from time to time. That was handpicked land, in the older counties, in the choicest sections of Minnesota, sold on long time and easy payments, at five or six dollars an acre — average \$5.89 for the entire lot. It was bound to

increase in value from ten to thirty times. And yet, on those terms and conditions, one buyer in every seven was unable to hang on.

The university fund narrowly escaped shipwreck at the start. The regents, with splendid faith but dubious works, began building and letting contracts without money to pay for them. The state found itself with unfinished buildings, for which \$45,000 had been borrowed and overdue interest which, at rates as high as 2½ per cent a month, had run the debt up to \$125,000. There was talk of letting the contractors have the land grant if they would take it for their claims. Fortunately they would not accept it and even more fortunately John S. Pillsbury came to the board of regents, bringing to the presidency the best business talent in the state. He succeeded in disposing of all claims at the cost of 14,000 acres of the grant.

From that time the university has prospered until it has become one of the great institutions of the nation. Very soon after that, the regents turned over the sale of their lands to the auditor, as directed by law, though they pointed out that they might have stood on their constitutional rights, and in 1870 the agricultural college lands and funds were consolidated with the university.

From the 94,000 acres of agricultural college lands the fund realized \$563,000; for 14,000 acres of the university grant the state cleaned up debts of \$125,000 and from the sale of 61,000 acres there was realized \$395,000. But the university had not been able to fill its grant in the older agricultural counties; it had chosen 20,000 acres in Mille Lacs, Pine and Kanabec, and another 20,000 acres in Cass, Itasca, St. Louis and Cook. And that accounts for receipts of \$500,000 from timber and \$800,000 in mineral leases and royalties.

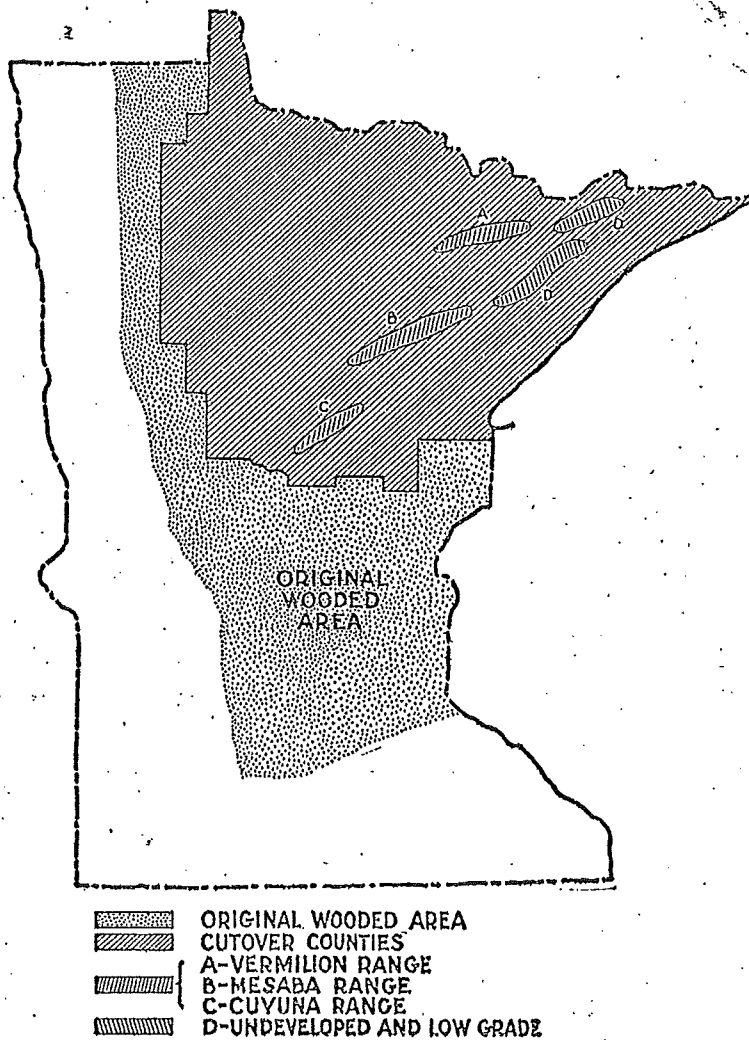
Furthermore, as its share of the occupa.

tion tax on iron ore, the university fund has been enriched by more than one million dollars.

There are no agricultural college lands unsold. The university has still 13,000 acres of its grant in Itasca, St. Louis and Cook counties, some of which may prove valuable for agriculture, the most part will raise timber or do nothing, and seven parcels were at last report under lease for ore, containing at that time more than 7,000,000 tons on which a royalty of twenty-five cents a ton is to be paid as it is mined.

Known quantities and values will therefore bring the university endowment above \$5,000,000. The unknown values, as in the case of the much greater school fund, depend on the perpetuation of forest wealth and the creation of reserves in low grade ores. In the early days the ultimate fund was first set at \$1,000,000 and then timidly raised to \$1,500,000. The difference between what could then be seen and what was afterwards revealed is perhaps no greater than the difference between what is now in sight and the values that may be created.

## THE LAY OF THE LAND



## The Swamp Land Grant

THE raciest history of all the Minnesota land grants is that of the swamp lands, its ups and downs, its changes and chances. Congress gave Minnesota its overflowed lands and swamps with hardly a second thought. Swamp and overflowed lands had been given to other states, let Minnesota have the same allowance. Wherever they were and whatever they might amount to, they were no use to anybody, let the state see what could be done with them.

Whatever they might be, Ramsey with his genius for common sense, saw that they would have value. The proceeds were to be applied, "exclusively as far as necessary," to the purpose of reclaiming them. That was the condition of the grant. Very well, said Ramsey; "from the nature of their situation, they are capable of easy reclamation; in fact, this is gradually being effected without expense, by the progress of cultivation." It would be sufficient, he thought, to make the drainage and improvement of the lands a condition of their sale.

The general land office had given the state the option either to go by the plats and field notes of the government survey or to set up its own claims. On Ramsey's advice the state agreed to take what the government survey showed. That was the only reasonable thing to do, though, as it turned out, it left the state without witness in many important contests.

Before ever the state came into possession of these lands, it seemed good to the legislature to make liberal grants to railroad companies. The state needed roads more than anything else. The lands would help build the roads, the roads would make the land worth something. Between 1861 and 1881, when an amendment to the constitution shut off further gifts, grants were made that came in all to 2,892,000 acres. The land was to be given when the state got it, first finding where it was. The grants ran 4 sections, 6 sections, 7 sections, 10 sections to the

mile, some within limits and some anywhere in the state. One was for all the swamp lands in the county, another all the swamp lands within six miles, another all the odd sections in certain districts.

All these grants were for roads, including one wagon road, except two small gifts, one to McLeod county for a seminary as compensation for moving the agricultural college from Glencoe, and the other for a manufacturing association which spent itself in sustaining an office to sell the land.

One or two grants were declared forfeited; a selection of 500,000 acres for institutions was turned back into the pool after the remaining swamp lands were made over to the trust funds, and several contingent grants, including one for soldiers' and sailors' orphans, were dropped when it appeared there was nothing left for contingencies.

Altogether the area certified as swamp land by the surveys came to 5,894,000 acres. But the state actually got 4,711,000 acres. And the difference of more than a million acres is a forty-year tale of contests and disputes, claims and counterclaims. In the lands given by congress to railroads there were swamp lands, of course, and it was disputed whether they were first given to the roads or to the state, the land office usually taking the position that they were given away in either case and what was the difference. Swamp lands were preempted and when the settler claimed that the surveys were wrong, he was often sustained. Lands designated as swamp in one survey were not marked at all in a later survey. The state's claim to swamp lands in Indian reservations was denied and had to be fought out. The government itself, in one notable instance, challenged its own field notes, said the surveys were fraudulent; and at another time held up all patents saying the state had done nothing to reclaim its lands. It was not till 1913 that all the disputes were settled, and, by that time, where the state was found entitled to indemnity, there was no indemnity left.

At the same time, the state was disputing with the companies to which the lands were given, suits involving constituent companies of the Milwaukee, the Northern Pacific, the Great Northern, the Iron Range and others.

For example, the state had begun selecting lands for institutions in 1877. The St. Paul & Chicago interposed. It was entitled to 7 sections within seven miles of the track on either side from St. Paul to Winona, and the state must not interfere till the grant was filled. Seven sections on either side meant seven sections on both sides. The court denied half the claim, holding that the company was entitled to seven sections to the mile, not fourteen, but it was entitled to its selection and to deficiencies if there was not enough within the seven mile limit.

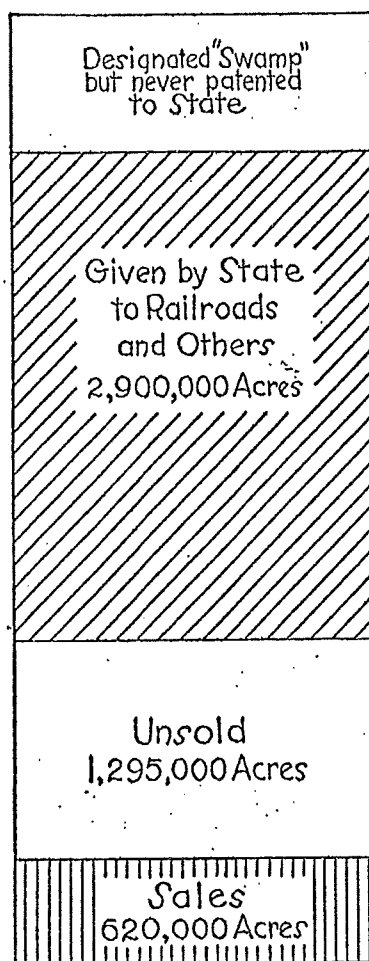
The state might better have let the railroad take fourteen sections to the mile, said Auditor Whitcomb ruefully. That grant would exhaust every remaining acre of swamp land in "the agricultural part of the state," with 62,000 acres more to be found. At the same time, the Lake Superior & Mississippi's unfilled claim of 100,000 acres would exhaust all the swamp lands east of the Mississippi and south of the Rainy lake watershed. However, there were still 10,000,000 acres unsurveyed, probably one-half swamp in Whitcomb's unpropitious view of the north country, and except in three counties where the Iron Range had right of selection, the institutions came next.

That priority of selection bothered the state. Dunn once made up a list of 271,000 acres and shoved it on the Great Northern. The company refused to accept the deed; the auditor had picked the worst lands and the company was entitled to choose. It went to trial, Dunn fretting the while because the disputed lands, with nobody to look after them, lay open to trespass, and finally the company won.

A similar attempt to force settlement of the Iron Range grant was unsuccessful; the company was entitled to take its time until six months after the last survey.

In still another action, Dunn contended that a modification of the grant after the amendment of 1881 constituted a new grant and was invalid. He took it to the attorney general who overruled him. Nothing daunted, he took it to court and the court overruled him.

### Swamp Land Grant



Swamp Land Fund  
\$10,331,000

Finally all disputes were settled, all the valid grants were filled, all the grants that were found void were canceled and the state was free to sell its swamp lands. Sales began in 1893 though it was not until 1916 that the last grant was closed up and the last claim satisfied.

Meanwhile the amendment of 1881 had

forbidden any more grants and had dedicated the swamp land fund, one-half to the permanent school fund, the other half to be apportioned among the institutions.

¶ ¶ ¶

Up and down it went. The same year that the state lost in the St. Paul & Chicago case, it won a land office contest before Carl Shurz, secretary of interior, who ruled that "the failure of the land office to segregate swamp lands did not forfeit the state's claim." That confirmed the state's title to 300,000 acres against claims of land grant roads and homesteaders — who had to be somehow satisfied.

The heaviest blow fell in 1888, while Braden was auditor. A terribly honest commissioner of the general land office, Andrew Jackson Sparks, denounced all surveys since 1880 as fraudulent, made in the interest of railroads and mining companies which held grants from the state. There was a long contest which was not settled till the original rule was reinstated by Ethan Allen Hitchcock in 1903. In the meantime, the state had to prove that the original surveys were correct. And in the interval, a good deal of land that the surveyors had frogged through up to their waists had become high and dry.

There is no doubt the early surveys were often careless. They used to say a conscientious surveyor would climb a tree and spot all the swamp lands in four towns. If he was less conscientious, he did not take the trouble to climb the tree. But the claim of deliberate fraud was not established and the correctness of the state's position was admitted. The original surveys, adopted by the government and accepted by the state, were presumed to be correct.

As Dunn said in 1900, "For fully 300,000 acres the state's claims have been held up by the general land office for alleged irregularities in the government township surveys. In the meantime, these lands have been the prey of timber thieves and

land sharks of all descriptions. And the practice of the general land office has been and now is, to permit the state's claims to be contested and rejected on the shallowest of evidence produced by interested parties to the contest." That is the language of a printed official report; in ordinary conversation he spoke right out.

Once more the state's claims were held up in 1913 on the ground that the state had done nothing for reclamation, the sole condition of the grant, but had diverted it to other purposes. However, Iverson showed that the total expenditure for drainage by assessment districts had come to \$14,000,000 of which the state had paid more than a million dollars in assessments on its own lands.

In 1912, Iverson had the immense satisfaction of reporting that the last swamp land grant was filled, all but 5,000 acres; the long controversy over swamp lands in White Earth and Chippewa reservations had been adjusted; the state's position in regard to faulty surveys was conceded and affairs were in the way to final settlement. All of which was wound up while Preus was auditor except claims for some 600,000 acres belonging to the state, which now appear to be little more than claims on paper.

Of the shrinkage of more than a million acres from the area of 5,800,000 acres shown as swamp, the larger part was relinquished to settlers, some were overlapping grants, some were reserved or sold before the state grant was made and some were simply lost.

¶ ¶ ¶

Lately the value of the swamp land grant has begun to be appreciated. As Iverson said, when the state gave away 3,000,000 acres, "they did not know and could not know that six forties would be on the tax roll for 28,000,000 tons in 1914, with prospective royalties of over \$10,000,000 for the swamp land fund."

Originally, of course, all it was good for was to give away. The early grants took



all the swamp lands in southern Minnesota and reached into areas beyond "the habitable part of the state." Nevertheless Whitcomb in 1877, when he was trying for a final settlement of all disputed claims, admitted that the swamp lands yet to accrue, in the unsurveyed areas of Lake Superior and Rainy river, "may become more valuable than they are generally supposed to be." And when the St. Paul & Chicago case was lost, he still hoped that if careful selections of remaining lands were made for the institutions, that foundation might be constituted of "valuable grass, timber and mineral lands."

By Dunn's time, values were more apparent. Much of the grant, he said, running through the southern and middle portions of the state included some of the finest agricultural land in Minnesota. "And the lands granted in the northern part of the state include what was, or is, valuable pine and mineral lands." Though, by the constitutional amendment, swamp

lands might be sold for two-thirds of the minimum for school lands, Dunn felt warranted in estimating them at an average of \$5.00 an acre.

As a matter of fact, the sales so far average \$6.77 an acre, which is higher than for school lands or university lands, and a handsome percentage above the average for agricultural college lands sold long ago in the days of small prices.

The top price for a whole section was at a sale in 1900 when 586 acres in Koochi-ching county sold at \$45 an acre for town-site purposes — now on the map as Grand Falls.

After the land grants were satisfied, there remained of the swamp lands approximately 1,900,000 acres; there have been sold for the trust fund 620,000 acres; there remain unsold 1,295,000 acres. The swamp land fund, at last report, stood at \$10,331,000. The best is yet to come.

## Proceeds of the Forest

**T**IMBER has furnished twenty-two cents of every dollar in the Minnesota trust funds as they stand today. At first only pine counted as timber. Later cedar and tamarack and spruce, but now anything that grows in the woods, if it can be cut into cordwood, helps to swell the fund.

It happened the hardwoods fell under the axe before they had discoverable value. When settlement began in southern Minnesota, the pioneers picked locations along the streams for water, and clung to the woods for shelter and fuel. They were afraid of the prairies and doubted if they could grow crops there. In fact, it was only when trees had been planted under a state bounty that life on the wind-swept prairie was considered worth living. As Governor Pillsbury said in 1879, the planting was beginning to "clothe the nakedness of our vast prairies," whereby "the larger portion of our state is being transformed from treeless, uninhabitable areas, into productive and populous plains."

At first, therefore, they kept to the woods. And there the first thing to do and the hardest part of the job was to clear the land. So far from having value, the oak and maple and elm were obstructions to be rid of. And by the time any notion of value attached to them, the state had disposed of its holdings.

But when the lumbermen began going into the Minnesota pineries, they were not looking for land but for timber, so the stumpage had some value from the start. It was little enough. Government land could be had for \$1.25 an acre, running anywhere from three thousand to thirty thousand feet to the acre, perhaps right on the banks of a stream — say five cents a thousand for the finest pine in the world.

Whatever price could be had, however, the trustees of the children's inheritance were bent on getting it, just as they insisted on the price of the land when land was to be had for the taking. The lumbermen wanted the timber and not the land; very well, sell the stumpage separately. That

rule was adopted and in 1867 the first stumpage receipts brought to the permanent school fund \$8,382.66. That was for pine on sixteen sections in Pine, Kanabec and Mille Lacs counties.

"The policy of selling stumpage instead of the land has been fully vindicated," Auditor McIlrath announced in 1868, the same officer who had conducted the first land sales. "More money was realized from the first cutting than could have been obtained for the lands including the timber." One section, he reported, was under contract for more than \$14,000, or \$22.50 an acre; others \$7 to \$10, while the average was more than \$6 an acre. Furthermore, it was estimated that in another five years it would be possible to go back in some stands for a second cutting equal at least to half the original harvest.

The total from those early operations, up to 1873, brought to the trust funds \$181,000, primarily from Pine, Kanabec and Mille Lacs, followed by Morrison, Benton and Cass, along the Mississippi, with smaller amounts from Aitkin, Chisago, Otter Tail and Todd, and one item of \$50 from Isanti on the very edge of the pine woods. Within ten years, the harvest was practically completed along the St. Croix and Rum rivers and had moved up the Mississippi as far as Grand Rapids. Logging was then confined, of course, to hauling distance from the banks of any stream that would float a sawlog; the logging road came later.

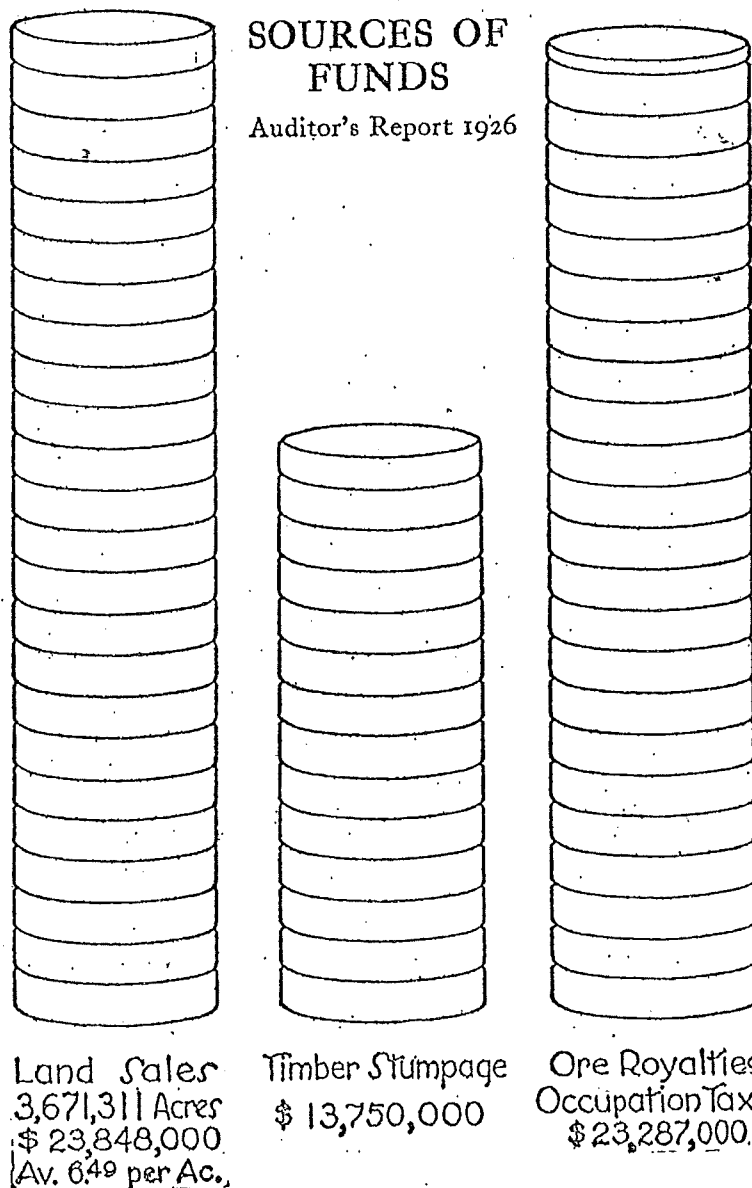
Pioneer days were careless, pioneer ways were wasteful, and the lumbermen were most of all a happy-go-lucky tribe. So free-and-easy that over in Wisconsin they used to say an enterprising operator, without too nice a regard for boundary lines, would buy a forty and keep cutting from it fourteen years. What else would you expect? When the government was giving away its best farms as fast as it could, and offering the best pine for a dollar and a quarter an acre, what was a few million

feet more or less, somewhere way off, out in the back woods!

With all their jealousy for the trust funds, the state officials and the legislature seem to have made only the most casual provision for estimating the timber and checking the cut. For the most part, they took the lumberman's free-and-easy word for it. And the woods were a long ways off and you could get all you wanted, the finest pine in the world, for say five cents a thousand. It is true there were collections for trespass, one of \$3,600 as early as 1868, but disclosures were more or

less accidental or the good-natured admission of an uncommonly honest logger.

No, \$181,000 was not the full value of all the state stumpage cut on the St. Croix and Rum river and up the Mississippi as far as Grand Rapids. There was investigation in 1873, on which Governor Davis made the comment that the conduct of examiners of state land had been grossly corrupt, and, though the auditor was exonerated and exculpated, the fact that there were all these loose ends cost him his office. Whitcomb became auditor, gloomy and full of probity, then Braden,



far sighted and optimistic, then Bierman who in his turn was to be exonerated and exculpated. For values had been increasing, the lumbermen were ranging further and further into the field, the auditor's staff was inadequate, and the operations were somewhere up in the vague north woods, away off from anywhere.

Bob Dunn, then a member of the legislature from Mille Lacs, started the hue and cry in 1893, which Ignatius Donnelly, always alert for wrongs and evils, swelled into an uproar. There was investigation. Suits for trespass were brought. Some amounts were recovered. Holes in the law were plugged. More attention was paid to appraisals. Dunn was elected auditor. Governor Nelson summed it up by saying, "Estimates were usually hasty, perfunctory and slipshod; the frauds most likely to occur are from dishonest and unreliable estimates and scalings; the governor and treasurer — they were members of the timber board — have no means of independent knowledge." Since the loose methods of 1873 were tightened up, no timber was to be sold except when it was in danger of destruction by fire, but the timber board had no means of calculating that danger.

The fact was, as the legislative investigation showed, they had all depended a good deal on the lumberman's sayso — as to when it was time to offer pine, and how much there was, and how the logs scaled when cut. And the lumbermen on whose sayso they had to rely were both enterprising and happy-go-lucky.

Dunn injected immense vigor. He sold two million dollars worth of stumpage in six years, as much as all the previous sales of nearly thirty years. He showed receipts of \$1,500,000, including trespass collections and cash lots. The price which had averaged \$1.81 a thousand, rose to \$2.52 the first year and touched \$8.30 in the last year of his term. "Lumbermen all agree," he said in closing his account, "that during the past three or four seasons, the state has received a higher price for its

timber than the same class in quantity or quality has brought private sellers, notwithstanding the timber is scattered." He noted also that 22 per cent was second cutting. That referred principally to sales of cedar and other stumpage on land from which the pine had been cut under previous contracts.

And yet, for all the vigor and vigilance, so widely were the operations scattered, so enterprising and happy-go-lucky were the loggers, that Governor Johnson, in 1905, endorsed the public examiner's report, at least there was some truth in it, he said, that "It was cheaper to steal the timber and settle for it than buy it."

During those years, the scene had been shifting further north and logging was changing its methods. For example, when the contracts were let for pine and cedar on the Leech Lake and Red Lake reservations, they were confined to timber within four miles of the lakes and rivers. But later the logging roads came wandering through the woods and contracts took effect when a road should be built. Summer logging began. The trains rumbled the year round instead of waiting for the spring drive.

The harvest was moving north. In 1884, it had been noted that the Taylors Falls and Lower St. Cloud districts had furnished nearly all the timber that far, but there would be much valuable timber in the Upper St. Cloud and Duluth districts. From that time on the harvest moved further and faster into the deeper recesses of the woods.

People began to talk about exhaustion. And reforestation. General C. C. Andrews commenced his indefatigable labors as state forest warden with nominal salary, bearing authority to control fires so far as he could without funds, and paying his own way to preach forest restoration wherever he could find audience. The voice of the conservationist was heard in the land.

Questions began to rise about state policy. Mingled elation and misgivings appeared in the biennial reports of Dunn

and Iverson and Preus. Look at the receipts, bigger than ever. But what about the future? In 1900, Dunn admitted that if the state holdings were all in one body, or in several compact bodies, he would advocate the policy of reserving it. "But scattered as it is all over the northern half of the state, a great deal of it in small tracts, preservation is not only impractical it is well nigh impossible. The state is generally the last to dispose of its timber and then only when the tracts are surrounded by slashings which are sure to burn and endanger the standing timber in the vicinity."

There was, by Dunn's estimate, five hundred million feet of timber on state land, which at a conservative figure, say \$5 a thousand, would come to \$2,500,000. He sold nearly that much in six years. Iverson, who followed, sold nearly twice as much. Preus, with the same high elation and more misgivings — "we have been going too fast," he said — kept the same pace. As exhaustion approached, as the big mills finished their cut and pulled out, the sales were inevitably quickened. In the six years covered by Auditor Chase's reports, up to 1926, there were collections from timber of \$3,226,000 — more than

half a million a year added to the trust funds from timber.

Timber, in recent years, includes not only pine, but anything that will make lumber, and anything that will cut into box stuff, and anything that can be ground into pulp. That enlargement has been going on for the last twenty-five years. Iverson, in 1904, described the remnant of the pine forest, which originally embraced 32,000,000 acres, as then covering 11,000,000 acres with natural forest, "large or small, dense or scattered, pure or mixed." It would all be cut in fifteen years. There was 2,000,000 feet of spruce for pulpwood. There were tamarack roots which were shipped to Maine for ship's knees. There were suspicions that some use might be found for birch and poplar.

As timber was once reckoned, when pine alone had value on the stump, there is practically nothing left now of the original stand. There are immense quantities of jackpine and balsam and poplar and birch and other woods, which now have value in industry, but those too are dwindling. For a long time it has been recognized that the future increase of the trust funds from forest resources must come from values to be created.

## Wealth of the Mine

**M**INERAL wealth is one of the three foundations of the Minnesota trust funds. Royalties from iron ore, plus the additions from the occupation tax, have put as much into the funds as all the sales of land so far, while future accumulations are to come almost entirely from timber and ore.

Discoveries of copper in northern Minnesota were prehistoric. There were ancient diggings on the north shore and aboriginal workings on Isle Royale, and the mound builders left copper ornaments in their burial places. According to tradition, when Benjamin Franklin was dicker-ing for the treaty of 1783, he insisted on drawing the line to include in the United States, Isle Royale and everything this side of Pigeon river, because he had heard, or he had a hunch, there was copper. Copper and precious metals the early explorers expected to find.

They did find gold. There was a rush to Vermilion lake in the '60's on sledges and snow shoes, and there was gold excitement on Rainy river in the '90's. Even now there are two leases outstanding for gold mines on state land. But the gold mines never paid back their cost, while the iron mines poured out millions.

Geologists knew there was iron in Minnesota long ago. Definite mining enterprises were launched in 1880 and the first shipments were made from the Vermilion in 1884, followed quickly by the great discoveries on the Mesaba in the '90's and by the Cuyuna developments.

There would be iron on state lands of course, and evidently something ought to be done about it. "Without doubt," said Auditor Braden, "valuable deposits of iron ore will be found on state lands," and he took it upon himself to refuse to sell lands in the mineral belt of St. Louis, Lake and Cook counties, until there should be a law reserving mineral rights to the state. He advocated leases with royalties, on substantially the lines of the law that

was passed in 1889. Results appeared at once, \$5,000 from prospectors' leases the first year for the school fund and \$412.50 for the university. Braden believed he had found a bonanza. "I venture the prediction," he said, "that the revenue from this source will in time equal that derived from the sale of all the school lands in the southern half of the state." An extremely conservative statement if he did but know it.

The last thing he said on the subject, in his retrospect was, "Leasing of iron or other mineral lands on a royalty is perhaps the most important change that has been made in the administration of the land department from its organization to this date."

At that very moment, enormous deposits of ore were being shown up on the Mesaba. One story is that a tree was blown over, showing ore sticking to its roots. Leonidas Merritt used to say he knew the story was true because he had a cane made from that tree — in fact, the tell-tale tree blew over in three different places, he added. Another story was that a deer pawing the ground revealed the ore under the moss. Anyway the ore was there, oceans of it. In 1892, Braden reported "great activity on the Mesaba." There were 1,579 prospector's leases out and 257 of them had been converted into contracts at 25c a ton royalty. That was before the range had been mapped and leases were taken anywhere and everywhere. Naturally most of them turned out to be blanks. Others were magnificent prizes.

Of those hundreds of leases, shipments were reported from forty-six state properties up to 1926. At that time 63 leases were still in force, including eight that dated from the original explorations in 1892. And those were among the fifteen state mines, then active shippers. Locating a profitable mine is a chancy undertaking and the history of the Mesaba range is

crammed with romance and financial adventure.

The state shared the good and bad fortunes of mining chances. It was the hard luck of the early officials that they had to resort to the remote parts of the state for more than 500,000 acres of indemnity school lands. Hard luck — but of forty-seven mineral leases of school lands in the list two years ago, seventeen were on these same "lieu lands." Again when the university got its second land grant, the regents thought best, since the most desirable agricultural land was gone, to choose half the land in the timber and mineral region. As a reward of their faith, timber and minerals account for more than two-thirds of the present university fund.

One prize that would have brought \$10,000,000 to the school fund slipped through the state's fingers. The land on which the Mountain Iron mine was situated was included in one of the indemnity lists, but was left off when the list was revised. This was the subject of an investigation and exculpation of the officials involved.

On the other hand, no small part of the state's fortune was due to the vigilance and foresight of its officers. In making up their selections of lieu lands, Braden and Bierman and Dunn and Iverson, had in mind the possibility of ores; in fighting the swamp land contests they maintained the state's rights with all the more zeal because there might be iron on the land. It was because of timber and mineral values that Commissioner Sparks claimed all the federal surveys since 1880 were fraudulent, so that the state's grantees might profit. It was the state's success in winning its contention in that case, after fifteen years of tenacious struggle, that accounts for some millions of dollars of mineral values in the swamp land fund.

There was the "Virginia sliver," a fraction of a town left over by a freak of the survey lines. It was known to be underlaid with ore. The state fought for it and won its school lands. There were de-

posits of ore under lake beds. Iverson conceived the notion that, notwithstanding riparian ownerships, the state was entitled to the ore, and the state won. A law was passed requiring fifty cents a ton royalty, and two leases were made on that basis. The expectation that \$50,000,000 or more would be gained from these rights has not so far, however, been fulfilled.

In place of the original leasing law, which was repealed in 1907, an improved law was passed in 1921. At the last report there were 63 leases in effect under the old law, 41 belonging to the school fund, 11 to the university and 11 to the swamp lands; besides two lake beds and one lease under the new law.

These leases covered 7,600 acres, of which some had been mined out and others were approaching exhaustion. On the richer ground, the lessees have been hurrying to get through before the leases expire. As compared with the areas under lease, the Bureau of Mines in 1918 listed 40,000 acres of state mineral lands. At that time, the state tax commission had made up its computation of known deposits under lease amounting to 168,000,000 tons, which, at 25 cents royalty, would add to the trust funds \$42,000,000. "There are fair reasons to suppose," Auditor Preus added, "that the ultimate returns will be at least twice that much."

The greatest volume is presumably in the low grade ores of the eastern Mesaba. On one school section, adjoining privately owned properties at Babbitt, the outcrop shows a body of ore that may contain anywhere from 150,000,000 to 300,000,000 tons. These are ores that have no value until they are crushed and sorted and sifted to separate the iron from waste materials. It is from these low grade ores that the principal additions to the ore reserves are to be made hereafter. In volume and perhaps in the amount of money they will bring, these contain the future mineral wealth of the trust funds.

Not only state owned properties, but

every ton of ore that is mined contributes to the permanent trust funds. For some time, there was a feeling that the state should be getting more than ordinary taxation out of the natural resources of iron. It worked up to the point where the "tonnage tax" was the center of interest in the legislature from 1905, when the first measures came up, to 1923, when a law establishing an "occupation tax" instead, and a constitutional amendment authorizing it, in case the law was found invalid, were passed practically simultaneously. Under the amendment, one-half the proceeds of this tax go to the current revenue funds of the state and of the remaining one-half 40 per cent is for the permanent school fund

and 10 per cent for the permanent university fund.

Twenty years ago the trust funds had realized \$17,000,000 from sales of land, which has now grown to \$23,000,000. Receipts from timber had amounted to \$6,000,000 twenty years ago, now, \$13,000,000. Mineral rights had yielded then \$1,000,000; now, with the increment from the occupation tax, \$23,000,000. If the children's inheritance eventually gathers a principal sum of \$200,000,000, as estimates given by Auditor Chase indicate it may, the increase will be largely due to the forests and mines and to policies suited to the new conditions.



## Speaking of Conservation

FIRST they had to find what the state owned; and fight for it against land office decisions; and fight to hold it against trespass and fraud; and resist temptation to give it for worthy objects — in the matter of the railroad land grants they succumbed to temptation — and guard against encroachment and depredation and finally do the best they could with it.

"One county, a remnant from the Wisconsin territorial organization, alone afforded facilities for the execution of the laws. Within this single county were embraced all the lands which white men were privileged to till."

They had everything to do. They had to promote railroads, then rescue them, then subjugate them. They had to

### Accumulated Trust Funds June 30, 1926.

Permanent School Fund \$44,743,793.32

Permanent University Fund \$ 3,345,599.62

Internal Improvement Land Fund \$ 2,909,901.40

Swamp Land Fund \$10,331,355.85

\$ 61,330,650.19

\*Less R.R. Bonds Retired \$ 2,533,000.00

Total in Vault \$ 58,797,650.19

\* From State Auditor's Report.

Altogether, the governors and auditors of Minnesota through all these years saw their duty with clarity and performed it with fidelity.

They had to do everything. When Governor Ramsey came to the territory — first ascertaining where it was and how one could get there from Pennsylvania — "a dozen framed houses, not all completed, and some eight or ten small log buildings, with bark roofs, constituted the capital of the new territory over whose destiny I was commissioned to preside.

relieve settlers from distress and famine and drought and grasshoppers. They had to overcome ruin and panic. They had to break the sod and clear off the woods and grub out the stumps. They had to open roads and subdue the land. It should be remembered of them that they adopted policies shaped to their necessities.

Nevertheless, they looked ahead. The pioneer is one who lives by the vision of things-to-be. Ramsey, while Minnesota was yet a territory and Indians held all the land, saw that on the St. Croix and Rum

rivers were large bodies of excellent pine, "indispensable and invaluable for building purposes, not alone to us, but to the communities resident upon the Mississippi as far as the Gulf of Mexico." And so it was. He saw in the construction of a ship canal around Sault Ste. Marie an improvement in which "under the most narrow view of the subject, in common with one-third of the American people, we are obviously and directly interested." He saw the "inexhaustible fisheries of Lake Superior and the immense wealth imbedded in its shores." He saw in the Great Lakes "our northern Baltic." He described the state that was to be in his great message of 1861.

He saw in the Red River Valley wheat in a state of luxuriant growth, and, in all parts of the state, oats, potatoes and corn in quality equal to that produced in any of the states of the Union and in quantity that astonished those who have been familiar with the fertile bottom lands of Indiana and Illinois. He saw that the Lake Superior region had a climate not unfavorable to agriculture, but that it was primarily a mineral region; its mineral lands of magnificent extent, its ores both of iron and copper of singular purity. He saw that a railroad connecting St. Paul with Lake Superior would double the efficacy of interior lines, giving advantages doubtless very great to the counties on the north shore, but not to be compared with the benefits to the agricultural interests of the entire state.

He saw, before his term closed as governor of the state, that the swamp lands were among the most valuable of our land grants. Passed over in many instances by the early settlers — in 1862 they already looked back on the early settlers — they were sought for with great avidity by farmers living in their vicinage.

Governor Swift, who came after Ramsey, while the Civil War was raging and Sioux uprisings were not wholly quieted, was also of the company of pioneers. Fighting against adverse decisions: "The paltry right to select other lands in the uninhabited regions beyond the frontier in

place of the fertile tracts upon the Winnebago reservation, which has long been justly regarded as one of the gardens of the state, or of the valuable sections in the vicinity of our largest cities, towns and villages" — there speaks the pioneer — "many of which have been obtained by preemptions of doubtful faith and sometimes notoriously fraudulent," would be scant compensation. And yet he saw, far beyond the frontier, "that portion of Minnesota which borders on Lake Superior abounds in precious ores and has interests peculiar to itself. "Mining companies—he was speaking of the first gold rush—were operating with good prospects of success."

Marshall, also of the pioneers, saw settlers advancing beyond the productive settlements of 1866, of a class wholly dependent on their first year's harvest, arriving so late the frost cut off their crops, exhausted by the long winter that followed, compelled to use their seed grain for subsistence. So he paid out \$8,000 for their relief, without any authority but necessity, expecting to be justified.

He saw the road to Lake Superior actually under way, with promise that the cost of shipping wheat from St. Paul to the seaboard could be reduced to thirty cents a bushel, no more than it cost then to ship to Milwaukee or Chicago. He saw revival of the Northern Pacific project.

No sooner had the railroads struggled to their feet than they provoked the granger agitation of the '70's. Even so mild and conservative a governor as Horace Austin was moved to dwell on the "complaints loud and frequent, that rates are much too high; that discriminations are made against individuals, places and classes; that by a cunningly devised system of rebates and drawbacks granted to agents, or friends, or favorites, competition is destroyed, leaving all who buy or sell at the mercy of the licensed speculator." In the same movement, Governor Davis road into office with banners denouncing "Modern Feudalism." And during those years the grasshoppers were a burden beyond our imagining.

Times improved, and, with recovery from panic, Governor Pillsbury was able to insist that the state's tarnished credit be cleansed by redeeming the dishonored railroad bonds. What, with hard times, and recovery, and grasshoppers, and debts, the pioneers, during those years, were fully occupied with immediate affairs.

But when Governor Hubbard took the reins, though railroad grievances still held attention, the return of prosperity was his keynote. The habit of expectation revived. In Hubbard's message of 1885, the theme of conservation was the undertone.

Encouragement of timber culture has been for years the policy of our state. It will be equally wise to preserve by the best means our existing forests against wanton or heedless destruction. Fires on land from which the timber has mostly been cut are among the greatest disasters.

There it was. Though it was not till twenty years later that Theodore Roosevelt and the Pinchots gave currency and a name to the conservation movement.

Governor Nelson, after the Hinckley fire, again called attention to the necessity of fire protection, and the legislature conceded the appointment of a state forest warden and part payment by the state of county bills for fighting fires. And conservation was preached more boldly, so that Governor Clough remarked, though without enthusiasm, that forest reserve areas were a new proposition for attention; and the legislature created the first forestry board.

Conservation demands gained ground so rapidly that Lind, in 1899, thought well to advise moderation. "It is useless to talk of reserving arable land capable of agricultural cultivation for forestry. Any forest reserve line established this year would undoubtedly be modified next year, and so on continuously until the arable section of the state becomes pretty well defined. "The most important branch of the subject, at present," he said, "is intelligent legislation looking to the prevention of forest fires." He would not recommend land purchases. "The utmost that public senti-

ment would uphold or conditions justify is for the state to retain title to what it has in that region," to which tax forfeited land might be added.

Clearer and higher sounded the note of conservation. So that Van Sant paused in his fight against the merger to remark that where nature had been so lavish of her forest wealth, we had given too little attention to the methods of preventing its rapid consumption and had made little effort to preserve it.

The time has come when we must take action to prevent the complete destruction of our coniferous trees, else we shall, at no distant date, be compelled to spend vast sums annually for reforestation.

There you have it. In 1901, the time had come for systematic measures. There was still, he continued, thirty billion feet of standing pine in the north woods, which would all be cut and marketed in fifteen years. But there were large amounts of young and second growth, part of which would, in another twenty years, if preserved from fire, contribute to the lumber supply, and, if proper steps were taken, our forest areas could be replenished and preserved so as to completely supply our state with lumber.

It would be wise, he thought, to authorize the forestry board to begin gradually to buy up, at a low price, tracts of non-agricultural land and to plant it with coniferous trees. The legislature generously gave the authority, but withheld any appropriation to make it effective.

Preservation of our forests, he said again, in his last word in 1905, from fire and ruthless waste is of great consequence to the state's welfare. And he did think \$5,000 a year was not enough to sustain the forest department, including General Andrews' indefatigable labors.

Burntside forest had been acquired in 1891, in Merriam's administration. Something should be done with it. At the same time, the Pillsbury estate gave 1,000 acres of cutover in Cass county. While Johnson was governor, Professor Green coaxed the Cloquet lumbermen to donate to the state

the land for an experimental forest and to turn over at cost their timber rights on what had been Indian reservation. Itasca park was entrusted to the forestry board.

New impetus was given to the conservation movement. It was in 1907 that the government surveys of Minnesota were completed and the surveyor general's office in the state was closed. Auditor Iverson broached the subject of a separate land department and for several sessions of the legislature the creation of a department of public domain had first place, except for the long contest over a tonnage tax on iron ore. It was not until the reorganization act of 1925 that the demand was partially satisfied.

Conservation was the principal theme, however, of Johnson's administration. "Proper treatment of our forest resources," he said, "is a matter of serious importance and merits your best thought. Much of the land is available for agriculture, but some of it is rocky, hilly or sandy, fit only for timber. Nature alone will restore a portion of it, but the greater part will need to be replanted." The voice of the conservationists was getting clearer.

In his last inaugural, Johnson reviewed, in terms which may be set beside Ramsey's great message of 1861, the first fifty years of Minnesota's statehood. The broad vision of the first governor of the territory may well be compared with the vivid account by the first native-born governor. He pictured the old and rich counties, the fertile prairies, the advance of modern agriculture, the rise of proud cities, then launched into his main theme:

Northern Minnesota — the most interesting, fertile and resourceful region yet undeveloped on the continent of North America.

Then Governor Eberhart took up the tale. "The forest problems of our state have been sadly neglected." A new suggestion appeared in the recommendation that the cost of protection should be born by the benefited forest property on the basis of an insurance risk. He stressed the department of public domain, and construc-

tive legislation to make timber lands productive. Hammond, in his brief term, continued the same lines. "The state should adopt the policy of acquiring non-agricultural lands and planting some portion every year. If we had a large area forested and belonging to the state, it would yield a large amount of income as well as provide a splendid playground for health and recreation seekers."

Then, while the report of an interim committee was pending, the world war intervened and broke off all threads.

¶ ¶ ¶

Three amendments to the constitution have been adopted in response to the demand for conservation measures. One, in 1914, authorized the use of \$250,000 of trust funds in improving and clearing land, to be returned to the fund in enhanced values, from which the results have been rather slender. The second was the amendment of 1916, under which 400,000 acres of state lands in the national forest boundaries have been set apart as permanent forest. The third was the forestry amendment of 1924, which is now being studied by the interim commission.

Meanwhile, under the impulse of the conservation movement, two national forests have been established in Minnesota. The Chippewa National Forest at Cass Lake comprises 200,000 acres of former Indian reservation. It is now in production and should, by progressive increase, be furnishing, not later than 1950, timber having an annual stumpage value of \$200,000. The Superior National Forest covers 800,000 acres of which a large part has borne no timber since the great forest fires seventy-five years ago, before Minnesota was a state. But that land is also getting into production and part of it is ready now to yield an annual income. At the same time, the beginnings are made of forest management in private hands on a commercial basis.

So in large measure, the dim anticipations of the early conservationists are now on their way to realization. Where they walked by faith, now it works.

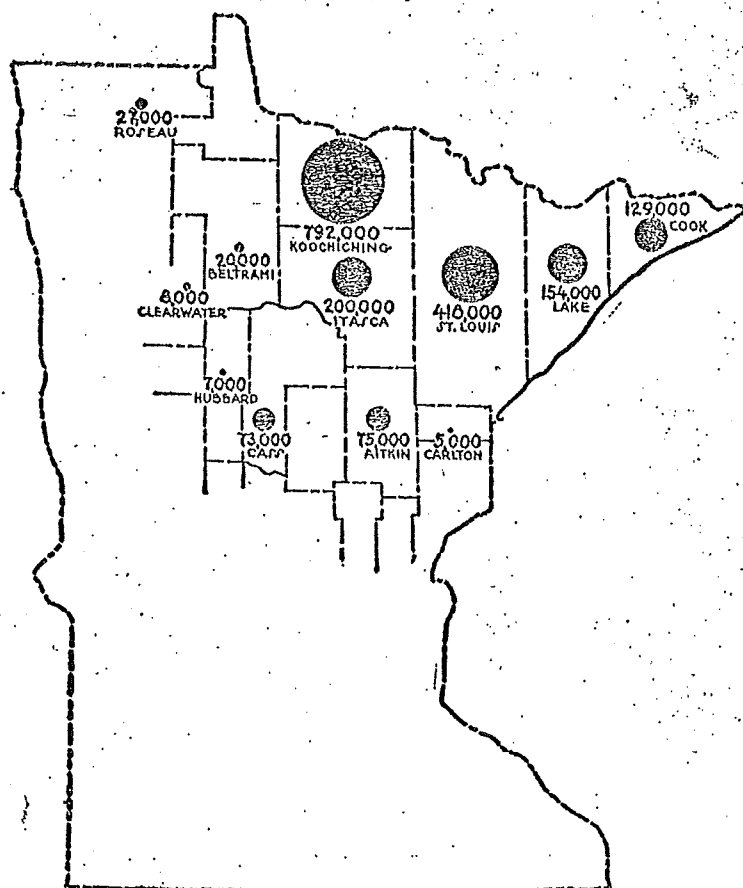
## Facing the Future

UP to this time, the Minnesota trust funds have been made almost entirely of what we found; from now on they will be built almost entirely of what we make. New conditions call for new policies. Gradually the lines of these new policies have been laid down — the land policy, the forest policy, the mineral policy, each contributing to the children's heritage.

back more than that, land that didn't stay sold. Of the 2,000,000 acres still owned by the state, one-half or less will eventually be sold for farms; the demand will tell how much and how fast. A considerable part, probably half or more, of the 2,000,000 acres is not to be sold at all. It is to be kept for its mineral wealth or for perpetual forest.

### STATE LANDS REMAINING UNSOLD

July 1st, 1926



Circles represent relative area of state lands in each county but not location within county. Areas less than 5,000 acres not shown.

The state land sales policy regulated itself automatically after the war. For sixty years eager buyers had been taking up state lands at the rate of 75,000 acres a year, but since 1921 sales have been only 5,000 acres a year and the state has taken

The future forest policy is pretty well defined. For several reasons methods may be profitable now that were not possible twenty-five years ago, while the practices of twenty-five years ago are out of the question today. When Dunn was auditor, the

timber had to be cut before the big mills pulled out — well, the mills have gone, with three exceptions. The sales had to be made while the logging roads were there — well, the logging roads have gone also, with the same exceptions, but the highways are now permanent and logging by truck is practical over a radius of 25 to 50 miles. As recently as 1918, Auditor Preus pointed out that when the best timber within six or eight miles of a railroad was cut and sold, leaving standing timber of poorer quality, it was very probable that the inferior stand would remain unmarketed indefinitely. But ten years ago nobody counted jackpine or poplar as timber.

In the old days, a third of the tree was left in the woods and a third of the sawlog was waste to be burned. But now the tops that used to be left in the woods may be brought in for pulp and the edges that used to go to the burner are cut into box stuff or ground for the conversion plant.

Under former conditions, both the state and private owners insisted on clean cutting. Lumbermen now know that the smaller sizes of sawlogs are handled at a loss and that, where there is any chance of coming back for a second harvest, the growing tree is worth more than the logs it will make. The national forests have worked out a practical program of management which insures annual yield, sustained growth and continuous harvest. The state is almost alone in clinging to the rule of the clean sweep and denuded land in its timber sales, while its permanent forests are still without a program of management.

Of course all that is going to be changed. In fact, the foundations have been laid. When the state forest amendment was adopted in 1914, it was said, "This amendment opens the way for the adoption by our state of a practical and business like policy of conservation of the timber resources of our state. Through this amendment we may confidently hope to lay the foundation for a perpetual supply of all kinds of

timber for the future needs of the people of Minnesota." And it is so. Under that amendment, 400,000 acres of state lands have been dedicated to permanent forest, to which it is expected at least as much more will be added. The practical difficulty of blocking up the land into tracts that will be handy for management, perhaps in cooperation with the national forest, will no doubt be mastered.

In the forty years since Hubbard sounded the first note of conservation, in the twenty-five years since Van Sant announced, "The time has come," much progress has been made. The state forest department, in place of General Andrews' lone voice in the wilderness, has become well organized and well established. The forestry school of the university has taken a foremost place in the United States. The principles of forest management have been worked out in the experiment station and adopted in the field. The reservation of seed trees is accepted. And the people know.

¶ ¶ ¶

The state policy in the management of its forest lands inevitably ties in with the state's attitude toward forest lands privately owned, and both have a bearing on the problems of delinquent taxation. The amendment of 1926 for the taxation of forest lands, and the legislation under it, goes hand in hand with the creation of state forests, and with the establishment of a management program and the whole problem of the development of one-third of the state in which the forest areas lie.

Public forests, covering perhaps, 2,000,000 acres, may be the key to the situation. But they will fail of their purpose unless they are sustained by the yield of the 8,000,000 acres or more of forest land that will in all probability remain in private ownership. Raising trees for the trust funds would bring no returns without mills and factories to make something from the trees. And to maintain a balanced industry, it needs the growth of the entire forest area and not a few groves and

patches. As for fire protection, it must extend over the whole area, for fires do not recognize forty lines.

¶ ¶ ¶

There is also the delinquent tax problem. While the state was selling land as fast as buyers came forward, the tax problem consisted simply in getting the land on the rolls. But when land is withdrawn permanently from taxation, it is a different matter. So Iverson pointed out in 1904 that the magnificent gift of the swamp lands carried with it certain duties and obligations. These large bodies of swamp lands, in some districts scattered through nearly every township, paid nothing for roads and bridges and schools, retarded the development of communities. He suggested that state lands contribute to local funds by sharing the assessment of benefits for local roads, under a law since repealed. Further he advocated state appropriations for frontier communities which had not the means to support common schools. The legislature did grant \$50,000 a year, beginning in 1911, for the aid of districts smothered in state lands, in lieu of direct taxes.

With the same thought, Preus observed that, "With the enormous holdings the state has in some counties, which bring no revenue into their treasury with which to build roads, the burden on the first settlers became very heavy and greatly retards development."

That burden was hardly felt when new values appeared every year. But when no land was being added to the tax rolls, when timber values were vanishing, when mineral valuations were shrinking, the burden began to tell. Until now, 4,000,000 acres are delinquent and the list is lengthening at the rate of 10 per cent a year. The principle that land owned by the state for productive purposes should carry its share of the load was expressed in a bill passed by the last legislature but vetoed.

The federal government recognizes the justice of the proposition, paying to the counties in which national forests are situated one-fourth of the gross receipts in lieu of taxes, besides putting back in the forest ten per cent of the receipts for roads. In the Chippewa National Forest, the contribution to local revenues has come to be equal to six cents an acre tax; within twenty years it is reckoned it will come to twenty-five cents an acre. The Superior National Forest also is now ready to begin furnishing revenue.

There are the three main elements of the policy now outlined, gradually taking shape during the last forty years: Management of public forests to insure perpetual yield; taxation of private forest lands, including woodlots, on a basis that gives the owner a fair show to develop them; the assumption by the government of the charges naturally falling on lands set apart for permanent forest; and a fourth, fire protection, of course. The largest returns to the trust funds, as it happens, will coincide with the policy that promises the best development of the cutover country.

¶ ¶ ¶

Now it appears that new conditions in the mining industry likewise require fresh studies of state policy. The situation is so new that public opinion is far from settling on a definite revision of policy. The one clear fact is that the situation does require attention. Warnings, issued in the last two generations against the exhaustion of timber resources that had been thought illimitable, are now repeated almost word for word in respect to mineral resources.

Under current conditions, the tendency is to exhaust the richer deposits and let the leaner ores go hang. There are no new discoveries, hardly any exploration of new properties. Underground mines, costlier to work, are closed down while the better mines are stripping with feverish haste. The mining population has been

reduced 35 per cent in ten years. No new reserves are being built for future operation.

But now it is realized that ore, like timber, is a variable quantity. Ores are now mined that would have gone to the dump twenty-five years ago. Ores are salvaged by washing and sorting that were formerly waste. Below the ores now merchantable are billions of tons of low grades for which the future will find uses. Experiments made in the school of mines are enormously hopeful for the ultimate utilization of these tremendous volumes and values of ores now worthless.

These are the new conditions to be met by study, and perhaps revision, of the state's mineral policy. Though opinion has not yet crystallized on appropriate measures, the purpose to be accomplished is plain enough. If the life of the mines now being worked can be prolonged, if production can be balanced between leaner and richer ores, if the building of reserves is renewed, if long term operating programs are maintained, the mineral wealth of the state will be adding to the children's heritage for generation after generation. If not — the depletion of known measures

is certain, exhaustion is in sight, and utilization of low grade ores in the future is problematical. Obviously an industry established will keep on where a new industry might not start on a less favorable footing; and mining and steel-making are now a going concern in Minnesota.

Aside from the general welfare and prosperity, the state has particular interest, as trustee of the permanent funds, in the future of mining. The state has enormous holdings of low grade ores, one block belonging to the school fund shows by outcrop not less than 150,000,000 tons, possibly 300,000,000. This and other like properties, of no value today, may contribute their millions to the trust funds as the life of the industry is continued and prolonged.

¶ ¶ ¶

*The sacred trust upon which Sibley dwelt, the stewardship of which Ramsey warned his associates they must give solemn account, is still to be fulfilled. Well for us if in our day and generation we discharge, with not less fidelity and clearness of vision than theirs, our obligations to the children's inheritance.*



# THE CHILDREN'S HERITAGE

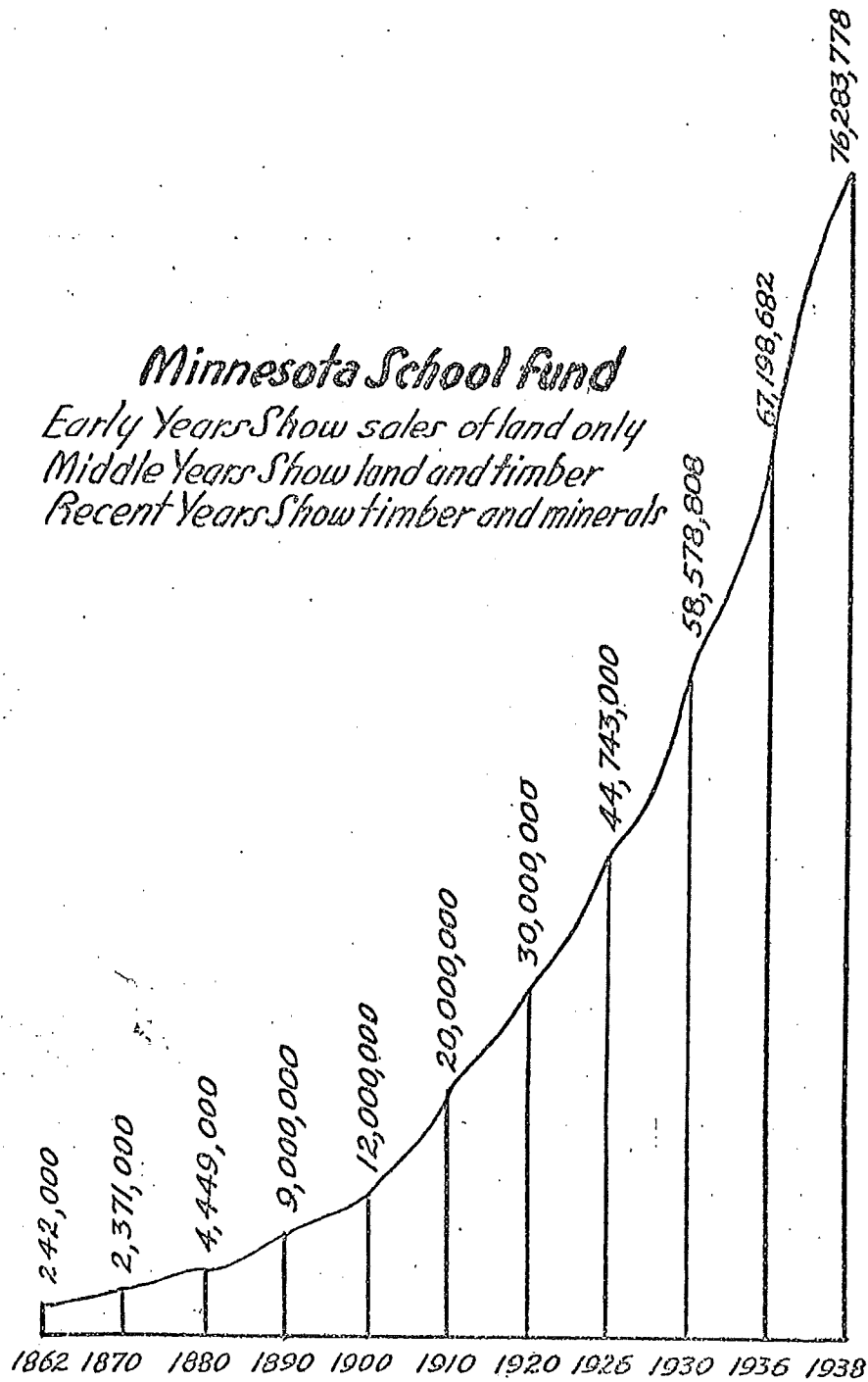
## SUPPLEMENT



Pages 16—27, and 33, of "The Children's Heritage", are brought up to date showing how the iron ore tax has greatly increased the trust funds in recent years. The southern half of the state benefits most from these trust funds (see page 15).

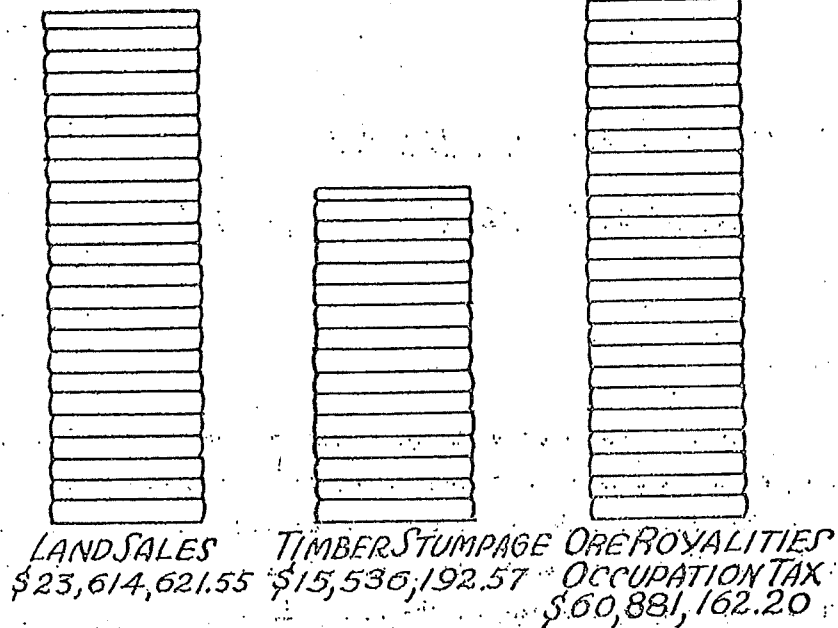
These residents should be the guardians of the funds and make sure that the mining industry is not taxed out of existence, but shall remain as a great industry for the upbuilding of these funds for future generations.

# *Minnesota School fund* *Early Years Show sales of land only* *Middle Years Show land and timber* *Recent Years Show timber and minerals*



Those who would tax to death an industry on which our trust funds are dependent should be removed from public office and notice should be served on them by the voters that our children's heritage shall be preserved at all costs.

## Sources of funds Auditors Report 1938



The trust funds are now almost wholly dependent on the revenues received from iron ore royalties and the occupation tax on iron ore. Timber and land sales are almost negligible.

*Accumulated Trust Funds*  
1938

*Permanent School Fund*      \$76,283,778.08

*Permanent University Fund*      \$8,656,976.33

*Internal Improvement Land Fund*      \$2,915,960.76

*Swamp Land Fund*      \$12,643,314.61

\$100,500,029.78

*Less Payment on R.R. Bonds*      \$ 2,533,000.00

*Net Balance*      \$97,967,029.78

These trust funds are the heritage of our children and our children's children, and should be carefully guarded. An attempt was made by the state administration in 1937 to repeal the occupation tax and substitute therefor a new form of iron ore tax, the proceeds from which would all go into the general revenue fund instead of the trust funds.