

The typical Iowa farmer and his family have a strong, continuing desire to own a farm that belongs to them alone. The family-sized farm grew up here, and won its popularity as the most practical unit for this region.

1. Struggle For Land Ownership

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AN AIRPLANE TRIP OVER IOWA IN 1833—IF SUCH A TRIP had been possible—would have given the passengers an excellent view of a native prairie of unmatched fertility, with scarcely a sign of civilization. A few Indians and some settlements along the Mississippi River would have been about the only signs of human activity. The same air view of Iowa today—as we near the midpoint of the Twentieth Century—presents a remarkable transformation. The Iowa prairie has been made into 213,000 farms enclosing 95 per cent of the state's area into productive fields, pastures, and farmsteads.

Those who have seen present-day Iowa from the air are impressed by the regular pattern of straight roads which cut the landscape into square mile areas of productive farm land. They sense the strength and independence of Iowa as they see the individual farmsteads which dot this landscape as far as the eye can reach. Each farmstead is usually set off by itself with a white house, red barn, windmill, and distinctive grove of trees. How this Iowa was settled by hardy pioneers and how these same pioneers, their sons, and their grandsons succeeded and failed in the struggle for ownership of the state's fertile acres is recorded in three significant phases.

The first was the rush of settlers into the unsurveyed territory beginning in 1833. The second was the rectangular land survey which was started in 1836. The third was the system of land sales and auctions which began in 1838, and was accompanied by extensive gifts of land by the United States government to the state, to railroads, and to military veterans. Following this early settlement period, three features highlighted the farmers' 100-year struggle for farms of their own. These features are the contest between large-scale and family-sized farms, the rise in tenancy, and the rise in mortgaged ownership.

SETTLEMENT WITHOUT LEGAL SANCTION

The western movement of settlers across the Mississippi River into Iowa territory did not wait for legal sanction. The movement started on a large scale in 1833 after the Black Hawk Purchase transferred a fifty mile strip of land from the Indians to the United States; a strip just west of the Mississippi River extending from the Missouri border to a point in northeastern Iowa. Settlers were not permitted by federal law to stake out claims until townships had been surveyed and the land offered for sale. But the pressure by farmers to obtain land in the frontier areas was too great to be held back by a federal enactment which had little support in this new area, even from the courts.

Two thousand persons, according to one authority, came into Iowa territory in 1833 and staked out claims to land. Not all were farmers, however, because trading centers were set up early to serve the settlers. When the general land survey started in 1836, the first census revealed 10,564 persons in the Iowa territory. In 1838 when the first land sales occurred—the earliest date provided for legal entry—more than 23,000 persons were living in Iowa territory.

A strong testimonial to the spirit of fair play of these early pioneers is the pattern of frontier law and regulation which they created and enforced. Most important in this extra-legal system was the claim association developed to protect the settlers or squatters recognized as having first claim to the land they staked out. This protection prevented trespassers from coming in to claim land already staked out, and prevented would-be outside purchasers from buying land claimed by members of the association.

These claim associations with their effective means of dispensing frontier justice were of special importance in the struggle for farm ownership. The settlers who claimed land and improved it before the land was surveyed had a great deal to lose if they were unable to get title to "their" land when it was put up for sale. Since there was no way to make the claims coincide with the legal boundaries of the survey when it was eventually made, countless disputes and difficulties naturally arose between settlers in matching their claims with regularly surveyed tracts. The claim association provided an outstanding service in the frontier community in adjustment of these difficulties. An association would elect an official bidder and set up a "court" to arbitrate disputes among settlers. If a speculator or outside person tried to out-bid the association bidder, the squatters were prepared to deal with him. It is reported, for example, that when a Mahaska County delegation went to a land office sale "every man carried a stout hickory club to defend himself and neighbors against over-bidders."

The territorial legislature in 1839 declared that agreements involving lands owned by the United States government were fully valid, and approved an act to prevent trespass on the possessions of settlers on the public domain and to uphold squatter claims when established by a claim association. The territorial Supreme Court in 1840 upheld the state law legalizing squatters' claims, even though the federal law prohibited such settlement on public lands.

The claim association was chiefly a product of settlement prior to official survey. Consequently, when the survey caught up with settlement, as it did in Iowa in the early fifties, the need for the association vanished. For this reason the claim association was common only in eastern Iowa where settlement was ahead of the survey.

THE RECTANGULAR SURVEY IN IOWA

Every farm purchased in Iowa during the first one hundred years of the state's history has been legally described in the deed transferring the land title from the seller to the buyer. These legal descriptions are based on the original United States rectangular land survey started in Iowa in 1836 and practically completed in 1858. This land description system is chiefly responsible for the physical farm boundaries in Iowa and figures in every land transaction.

A legal description of an Iowa farm will illustrate the important features of the rectangular survey. The farm chosen is:

"The NW $\frac{1}{4}$ of Section 12, Township 80 North, Range 2 West of the 5th Principal Meridian."

Location of the land from a legal description is accomplished readily by reading backward. The "5th Principal Meridian" which appears on all complete land descriptions in Iowa refers to a north and south line running through the eastern tip of Iowa. The location of this line was the first task of William A. Burt, the surveyor who started the Iowa land survey in 1836. Every farm in Iowa is designated as a certain number of ranges east or west of the line, a range being six miles wide—the width of a township.

A base line which runs east and west through Arkansas is also used in designating the location of all land in Iowa. The farm in our example is 80 townships or approximately 480 miles north of this base line. Given the meridian and base line, it is possible to locate the exact survey township in which any farm is situated. The farm described, as a map with township and range numbers will show, is situated in southeastern Cedar County.

Each surveyed township—a six-mile square—is divided into thirty-six sections. Each full section—one mile square—is divided into four equal quarters. Each full section measures 640 acres including the road; consequently each quarter section measures 160 acres including the road. The farm in the example is easily identified as 160 acres in the northwest quarter of section 12. Farms located along the north and west boundaries of a township are designated as “fractional” because they are likely to have more or less than the regulation acreage. Errors in measurement and corrections caused by curvature of the earth were carried to these twelve boundary sections: sections 1–6 along the north, and sections 6, 7, 18, 19, 30, and 31 along the west boundary of each township.

The uniform survey of land into sections of 640 acres and the division of these sections into quarter sections of 160 acres each has had a significant effect on the pattern of settlement in Iowa. The first settlers frequently staked out a claim to a half section of 320 acres, but when they came to purchase their farms from the government they found the amount of land they could farm was more nearly 160 than 320 acres. Despite all the changes in agricultural techniques in the last one hundred years, the quarter section—160 acres—is still today the most common farm size.

PRIVATE LAND SALES AND AUCTIONS

The first private sales and auctions of Iowa land occurred in 1838 at the two land offices established for this purpose, one at Dubuque and the other at Burlington. Strangely enough, many of the settlers were not at all enthusiastic over President Van Buren's order placing the first Iowa townships on sale. These settlers were short of cash, like most frontier farmers who had found the task of developing and improving a farm an expensive one. And cash at the time of sale was required. Even \$1.25 an acre, which seems like a low price, amounted to \$200 for a quarter section, and many of the settlers just did not have this sum. Consequently, lenders and speculators were drawn to the region by black-market interest rates as high as 35 per cent and higher. Even though the rates were terribly high, the settler had to have the money in order to gain ownership to the claim on which he may have expended several years of hard work. The struggle for farm ownership was not an easy one in spite of the abundance of land available at \$1.25 an acre. The struggle included not only the saving of the necessary money, but also the hard, tough job of making a farm and a farm home out of a bare piece of unbroken prairie.

Private sales were arranged in 1838 for settlers with pre-emption claims while public sales were held later that year for those who did not have these claims. Settlers who had staked out claims and were living on them were able to take advantage of certain federal pre-emption laws which legalized claims made prior to the passage of the laws. Such measures of particular importance in the Iowa territory were those of 1838 and 1840. The pre-emption was limited to 160 acres, the price was set at \$1.25 an acre, and the claimant had to be living on the land. Finally in 1841 a permanent federal pre-emption act was passed which not only legalized previous settlement but also gave settlers the right to settle on surveyed land.

The sales, both private and public, at the two land offices for the first three years show a heavy preponderance of activity in southeastern Iowa. The figures are as follows:

	Dubuque	Burlington	Total
	(acres)	(acres)	(acres)
1838	26,000	248,000	274,000
1839	26,000	271,000	297,000
1840	126,000	443,000	569,000

Total sales for this three year period were more than a million acres for an average price of \$1.25 an acre, the minimum price. As long as the supply of good land to the west held out there was no need to pay more.

As settlers poured into Iowa and as the frontier and land surveys were pushed farther west, land offices were opened at convenient points for the farmers to buy the land. Offices in Fairfield, Marion, and Iowa City were opened in the forties. Chariton, Des Moines, Council Bluffs, Fort Dodge, Decorah, Osage, and Sioux City had land offices in the fifties. Land sales reached a peak in 1855 when 3,708,000 acres or 11 per cent of the land area in the state was sold for cash and military warrants.

DISPOSAL BY GIFT

Less than one-third of Iowa was sold by the United States government for cash; the rest was given away chiefly by means of warrants for military service (Table 1). Over fourteen million acres, about 40 per cent of the state, was disposed of by military warrants. A federal act in 1847 providing a land warrant to those who served in the war with Mexico was the main source of the warrants used to obtain land in Iowa. Each warrant entitled the holder to 160 acres of land. In 1852, when these warrants were made transferable, they were bought

and sold like bonds, with published quotations in Boston and New York. Many of them were used by capitalists and land companies in this purchase of land. While only a few military warrants were used in Iowa previous to 1847, the number increased rapidly after that date until in 1851 almost as much land was obtained by warrants as by cash.

Actual settlement did not keep pace with the sale of land for cash or its disposition in exchange for military warrants. The result was ownership of undeveloped tracts by land investors, speculators, military veterans, and corporations—all of whom were holding for a rise and eventual sale to settlers interested in making farms out of the raw land. The farmers who came into the state later had to buy the land they wanted at from \$2.50 to \$10 an acre, not from the government but more likely from some individual who had bought it several years

TABLE 1
DISPOSAL OF PUBLIC LAND IN IOWA *
(acres)

A. Cash sale by U. S. Government.		11,900,000
B. Gifts by U. S. Government for:		
Military service (warrants)	14,100,000	
Education	2,100,000	
Internal improvements:		
Railroads	4,400,000	
Other	2,300,000	
Homesteads	900,000	
Miscellaneous	100,000	
		23,900,000
Approximate total area of Iowa		35,800,000

* Based on figures in Lokken, *Iowa Public Land Disposal*, State Historical Society of Iowa, Iowa City, 1942, p. 267.

earlier at \$1.25 an acre. The difference was not all gain to the investor, however, because considerable time frequently elapsed between sale by the government and purchase by a *bona fide* farmer. But there would have been less speculation and more assistance given the pioneer farmer in Iowa if the Homestead Act of 1862 had been passed twenty-five years earlier and if at the same time the United States government had given cash instead of land warrants to the military veterans, railroads, and educational institutions.

LARGE-SCALE VS. FAMILY-SIZED FARMS

A question which appears puzzling at first is why the family-sized farm has become the leading type in Iowa instead of the large-scale or

corporate farm. Actually, several factors in the early period favored the large-scale unit.

First, capital was important and scarce in the frontier area. Moreover, it was the corporation or individual capitalist which had the needed funds. True, land was cheap, but it cost almost \$2.50 an acre or twice the minimum price of the land to get the prairie sod broken when the breaking was done on a custom basis. Then there were buildings and a long period of waiting between the breaking of the prairie and the first real crop, which usually did not come until the second year. All this required capital which favored the operator or corporation with financial backing.

Second, large tracts of open prairie in central and western Iowa were surveyed and made available for purchase before individual settlers with limited funds came on the scene in great numbers. These extensive areas could be purchased by corporations, land companies, and individual capitalists. Although these lands could not always be bought in solid tracts, it was usually not difficult to obtain a large block of land if one had the desire and the capital. Purchase of large holdings was not always possible in eastern Iowa because the settlers had come in ahead of the survey and sale of land. In central and western Iowa, on the other hand, the survey and sale of land took place for the most part before the settlers arrived. This explains the claim associations in eastern Iowa, and it also explains the accumulation of large land holdings by certain individuals and companies in the rest of the state after 1845.

The large land holdings acquired in Iowa during the fifties might have been the beginnings of extensive large scale farming. A list of those purchasing more than 75,000 acres during the decade of the fifties follows:

	(acres)
Horatio W. Sanford, Dubuque	250,000
William J. Barney	191,000
Cook, Sargent, and Downey, Davenport	180,000
Easley and Willingham, Halifax County, Virginia..	146,000
E. Temple, Lucas County	90,000
Henn, Williams and Company, Fairfield	84,500
Culbertson and Reno, Iowa City	82,000
Brown and Ives, Providence, Rhode Island	78,000

Later in northwestern Iowa large tracts of land were bought by the Close Brothers and the Iowa Land Company which they managed.

During 1880 this firm bought 97,000 acres and in 1882 was advertising 500,000 acres for sale in northwestern Iowa and southeastern Minnesota.

For the most part these large land holdings were not held for a long period and only in a few instances are there records of the owners developing their lands into farms. If we assume 1,000 acres or more as a large-scale farm, we find from the Federal Census that the number of such farms in Iowa rose rapidly to a peak of 428 in 1880 but declined after this point. The total of such farms was only 201 in 1940. Of these 201, only two were reported as being 5,000 acres or more in size.

One of the large-scale purchases which developed into farms was the Pella Colony, started by a group of immigrants from Holland which settled in northeastern Marion County in 1847. (See *The Hollanders in Iowa*, by Jacob Van Der Zee.) The Hollanders were able to buy out the few settlers who had already started farming in the area and also to buy out the absentee owners who held isolated undeveloped tracts. As a result the Hollanders acquired practically a solid tract of 18,000 acres. This group, which numbered almost 600, proceeded to lay out the town of Pella and to dispose of the farm land among individuals in the group who developed family-sized farms of their own.

Another large-scale purchase was that made by the Amana Colony in 1855 in northeastern Iowa County. This was different from the Pella settlement in that the Amana colonists held their 18,000 acres of land in common. They went out to farm their land from the small villages where they lived in true communal fashion. This method of living and ownership persisted until 1932, when the group was organized as a stock company with the members receiving shares of stock to represent their ownership in the corporation. The farming operations, however, still are carried on as one enterprise with the people who farm the land still living in the villages.

By 1870, land had become relatively high priced around Pella although there still were large areas of undeveloped land to the west, where there were opportunities for homesteading, as provided for under the Homestead Act of 1862. Another group of Hollanders, many of them from Pella, settled on a tract of about 25,000 acres in Sioux County in 1869 and 1870. They laid out the town of Orange City, which became the center of their settlement.

Still another example, also in northwestern Iowa, was the unique development around Le Mars by the British during the late seventies and the early eighties. The movement was started by William B. Close,

a graduate of Cambridge University, England, and his brother Frederick. These are the same Close Brothers referred to previously in connection with large land purchases in northwestern Iowa. Unlike most real estate operators, they actually made improved farms out of some of their land and rented these farms out to tenants or sold them to settlers who wanted an improved farm. These operations of the Close Brothers which started in 1878 in Crawford County have been described in *The British in Iowa*, by J. Van Der Zee, as follows:

The Close system did not consist merely of holding virgin land on the chance of a rise in value: on the contrary, they built houses, ploughed the sod, and improved their property so as to make it productive of income, wherein they conceived lay the distinction between legitimate business and speculation in land. Tenants met the rent for wheat lands in kind on the half-share principle; and they paid an average of \$2 per acre for Indian corn lands, owing to the difficulty of collecting it in kind.

In 1879 the Close Brothers moved north to Plymouth County where there was more virgin land waiting to be developed. With the aid of British bank connections and wealthy friends, including the Duke of Sutherland, they obtained enough capital to buy large areas of Northwest Iowa land. A third brother, James, joined the other two in their land operations.

The Close Brothers put on an active campaign to get well-to-do British farmers to settle on their lands in Northwest Iowa. With an effective campaign of literature they succeeded in getting several hundred British settlers to come. The fame of the Le Mars colony spread far and wide because many of these British settlers proceeded to establish large farms in the English manner, with a social life which went along with it. What with cricket, hunting, horse racing, and a social organization called "The Prairie Club," the group was fast developing the area into a pattern similar to that in England. We might soon have had large estates owned by wealthy families with the land farmed by tenants.

But this British colony in northwestern Iowa was short-lived. Their passing is summed up in these words:

Of the Britishers who were induced to come to the counties of northwestern Iowa during the eighties, not many can be found living there today. The farm life that promised wealth and happiness to the immigrants ended in disappointment and even failure for most of the young unmarried men. (*The British in Iowa*.)

The failure of the wealthy British settlers to stick to their Iowa farms brings out the strength of the pioneer farm family which developed the state of Iowa. The back-breaking job of making a farm out of virgin prairie was accomplished most successfully as a family task.

No corporation or capitalist could compete with the individual farmer and his family in developing a farm. Hired labor was too expensive and was almost nonexistent because any laborer soon saw it was to his best interest to develop a farm of his own.

The competition for land, labor, and capital on the Iowa frontier resulted in a clear-cut division between the laborer or farmer and the capitalist. Although both the farmer-settler and the capitalist acquired land in the new state (the capitalist acquiring huge areas in some instances), the capitalist soon found it was more profitable to lend his funds to the farmer than it was to hire labor to develop his land holdings. Consequently the number of large farms declined. On the other hand, settlers were willing to pay high interest rates, up to 35 per cent in the early days, in order to get the necessary funds to develop farms of their own. In the sixties and seventies it was common for farmers to pay a 10 per cent premium for the privilege of borrowing at the legal maximum interest rate of 10 per cent—an excellent example of a “black market” before the days of OPA.

This willingness of farmers to pay high interest was an indication of the sacrifice they were ready to make in their struggle to own a farm. The natural result was the establishment of loan offices throughout Iowa, many of them with bank connections or other financial backing in the East. They made a business of lending to farmers on farm mortgages for the purchase of land, and on chattel security for funds to carry on farming operations. For example, the Close Brothers organization, which reached its peak in land operation about 1884, eventually changed from a land company to a farm loan business.

The individual farm family, even though it did have to pay high interest rates, was successful in developing Iowa into a state of 160-acre family-sized farms. Low prices of farm products and depression at various times, as we will see later, caused many losses and foreclosures. But even then the owner was only temporarily displaced by a tenant. The pattern of family-sized farms was firmly established.

Only very slight changes have occurred in the average size of Iowa farms during the past one hundred years (Table 2). The high figure of 185 acres in 1850 was a result of the large number of farmers who settled and bought 320 acres, only to find out later that they could not operate such a large unit. The average dropped to 134 acres in 1870. What happened during this 1850–70 period was that the number of 320-acre farms declined and the number of 80- and 120-acre farms increased. All during this period, however, the 160-acre unit was the most common size. As machinery came in, the number of acres a

family could operate increased. By 1890 the present pattern was clearly evident, and only slight changes have occurred since that time. It should be pointed out, however, that although the average has remained relatively stable since 1890, there has been a slight increase both in the number of small farms under 10 acres and in the number of large farms, especially 240- and 320-acre farms.

TABLE 2
NUMBER OF FARMS, AVERAGE ACRE PER FARM AND PERCENTAGE OF TOTAL
AREA OF IOWA FARM LAND
(Federal Census, 1850-1940)

Year	Number of Farms	Average Acres per Farm	Farm Land Percentage of Total Area of State
1850.....	14,805	185	7.6
1860.....	61,163	165	28.1
1870.....	116,202	134	43.4
1880.....	185,351	134	69.1
1890.....	201,903	151	85.1
1900.....	228,622	151	96.5
1910.....	217,044	156	94.7
1920.....	213,439	157	93.4
1930.....	214,928	158	94.9
1940.....	213,318	160	95.3

In reality, Iowa farms are much larger now than in 1850 or 1900—not in acres but in total production. This is the result of higher yields, more profitable crops such as alfalfa and soybeans, and larger livestock production per farm. The story of hybrid corn which plays an important part in this increase is discussed elsewhere, as is also the improvement and introduction of machinery, tractors, and electricity which have made it possible for one man to do what previously it took many men to do. This increased production per farm has been accomplished without much change in the average number of acres per farm and without displacing the family as the typical operating unit on the farm. In short, scientific developments have enabled the farm family of today with fewer children to produce much more than the farm family of twenty-five or fifty years ago.

It is clear that the family-sized farm has won a clean-cut victory over the large-scale unit. The chief reasons for this victory were the willingness of the farm family to work if necessary for a low return, and to endure almost endless hardships to possess a farm of its own.

RISE IN TENANCY

Tenancy followed close on the heels of the frontier as it moved across Iowa. Strange as it may seem, landlords and tenants made their appearance in parts of the state while virgin prairie was to be had for a nominal sum in other parts. As the years passed the percentage of tenants increased steadily until in 1935 the figure almost hit the 50 per cent mark. Throughout this period the trend in Iowa has been similar to that in the country as a whole, except that the rise has been higher in Iowa. (Table 3). In 1880 the percentage of tenants in the United States was 25.6. It reached a peak of 42.4 per cent in 1930 and dropped in 1940 to 38.7 per cent for the country as a whole.

TABLE 3
TENANTS AS A PERCENTAGE OF ALL FARM OPERATORS IN IOWA
(Federal Census 1880-1940)

Percentage		Percentage	
1880.....	23.8	1925.....	44.7
1890.....	28.1	1930.....	47.3
1900.....	34.9	1935.....	49.6
1910.....	37.8	1940.....	47.6
1920.....	41.7	1945.....	

Tenant-operated farms were common in the early years, particularly in western Iowa. The records of the Iowa Land Company and the Close Brothers, for example, give minute details of leasing practices—including the crop share division between landlord and tenant which is prevalent today. Although it was not until 1880 that the Federal Census reported tenancy figures, the report at that time showed 23.8 per cent or almost one tenant for every three owner operators. In 1880, it should be remembered, only 70 per cent of the land area in the state was in farms.

The question naturally arises as to why any farmer remained a tenant when land was so plentiful. The answer, it happens, is not hard to find. The land which was so plentiful and cheap was undeveloped and far from transportation facilities. And there were some farmers who preferred to be tenants on well-improved farms rather than owner-operators of farms in the process of development.

But some farmers who had little money or equipment pushed out into the newest frontier areas to develop farms of their own out of unimproved land. Although farming there required much labor, relatively little capital was needed. At the other extreme were the

farmers with capital. They were in a position to buy improved land back some distance from the frontier. Such farms frequently sold for from five to ten times as much as the unimproved frontier land.

In between these two extremes were younger men who lacked the capital needed to buy farms of their own but preferred to rent an improved farm as against developing a new farm out of virgin prairie.

Improved farms of the type just described could be purchased often from frontier farmers who made it their business to keep in the front lines of settlement. They profited from the increased value of the land which they transformed from virgin prairie into an improved farm. As soon as the country around was settled and the railroads arrived, they sold their farm at a substantial increase over the price they had paid, then moved farther west to land which was undeveloped and cheap.

During the eighties, the nineties, and the early 1900's the process of land improvement continued and the percentage of tenancy climbed. Drainage, service buildings, farm dwellings, fences, and other improvements increased the cost of the farm to the incoming settler.

With the passage of time a new generation came on the scene. Sons and sons-in-law were not ready to buy the parental farms until they accumulated a sizable down payment or until the farm had to be sold in the settlement of an estate. The logical solution was for younger men to rent. This enabled the older folks to retire and the young folks to start farming with a small amount of capital. It was natural, therefore, to expect an increase of tenancy as a result of this transformation of Iowa from a land of farms operated by the original settlers to a land of farms operated by sons and grandsons of these original settlers.

A final reason for the increase of tenancy was the pinch of depressions with their tragic aftermath of farm mortgage foreclosures. Those farmers who bought their farms in good times and mortgaged them heavily found themselves loaded with an impossible burden in the years of low prices which followed. The usual sequence was the foreclosure of the mortgage by the lender and the change of the previous owner into a tenant.

MORTGAGED OWNERSHIP

Throughout Iowa's first one hundred years, the farmers of the state have made frequent use of the mortgage in their struggle for farm ownership. Even during the early years when land sold for as little as \$1.25 an acre, mortgages were common because farmers were desperately short of capital.

How the farm mortgage has been used in Iowa is indicated by an analysis made of farm mortgages recorded in Story County. (Although Story County, which is located in the center of the state, is somewhat above the state average in land values, it is typical of the state so far as mortgage practices are concerned.)

A total of thirteen farm mortgages were recorded in Story County in 1854, the year following the organization of the county. In 1857, which was the first boom year in the area, 126 farm mortgages were given to lenders as security for loans. By 1860 there were 471 farms in the county, 212 outstanding mortgages totalling \$86,000, and an average debt of \$3.83 on each acre mortgaged.

The number of farm mortgages outstanding in Story County continued to rise until 1880 when the total reached 1,822. At this time the settlement of the county was about complete, with three-fourths of the land included in farms. Although the dollar volume of mortgages continued to increase from 1880 until 1920, the number of mortgages did not change appreciably except for an increase to more than 2,400 in 1920-21. More than half the owner-operators in Iowa in 1920 reported mortgages on their farms, according to the Federal Census.

Rising land values up to 1920 forced many farm purchasers to use mortgage credit with a continuously rising debt per acre. After land values reached \$20 an acre in 1870, they rose at a slower pace until 1900. From 1900 to 1920, land values rose rapidly at first and then boomed to an all-time high in 1920 of \$227 an acre (Table 4). The cause of this increase was a rise in farm income plus speculative activity which became particularly noticeable in 1919-20. Iowa's total farm mortgage debt, estimated by the United States Department of Agriculture at 430 million dollars in 1910, reached 1,187 million dollars in 1920 and 1,503 millions dollars in 1921.

TABLE 4
AVERAGE VALUE PER ACRE OF FARM LAND AND BUILDINGS
(Federal Census 1850-1940)

1850.....	\$ 6.09	1900.....	\$ 43.31
1860.....	11.91	1910.....	96.00
1870.....	20.21	1920.....	227.09
1880.....	22.92	1930.....	124.18
1890.....	28.13	1940.....	78.79

With the fall of farm product prices in 1921, the land boom collapsed and farmers found it increasingly difficult to meet the interest

on their huge mortgage debt. Foreclosures were the tragic consequence.

Periods of low prices for farm products and numerous foreclosures of farm mortgages have occurred several times in the state's history. In Story County there were six depression periods of low prices and foreclosures: 1858-60, 1871-72, 1876-79, 1894-98, 1921-25, and 1931-35. In every period the depression was preceded by a period of prosperity, ranging from mild to excessive, when farms were bought at rapidly rising prices and mortgaged at progressively higher amounts. The boom of 1919-20 outdid all the others in the buying and mortgaging of land and was followed by two serious depressions.

It is difficult to comprehend the extent of the 1919-20 boom and its tragic aftermath. A huge acreage of land was sold at peak prices and mortgaged heavily. Approximately 10 per cent of the farm land in the state was sold during the year ending March 1, 1920. In Story County the total number of farm sales was 516, which was more than twice the number sold in any one of the preceding ten years. Furthermore, the average sale price at which this record breaking number of farms changed hands was \$289 per acre—highest in the history of the county. The fuel which produced this inflationary flame was the mortgage money represented by 787 mortgages totaling \$10,330,000, of which one-third was second, third, and fourth mortgage money. Many of the junior mortgages were foreclosed in the next five years when farm prices declined. This resulted in the designation of the 1921-25 period as the "second mortgage" depression. Later, in 1931 and after, farm prices declined to a still lower level and many of the first mortgages were foreclosed in the 1931-35 period which was designated as the "first mortgage" depression.

The seriousness of the 1931-35 depression is indicated by the amount of farm land acquired by insurance companies and other lending agencies through foreclosures and voluntary deeding of land by debt-burdened farm owners. A survey in 1933 revealed 8 per cent of the farm land in the state owned by corporations, with 10 per cent in 1935 and a peak of 12 per cent in 1939. Insurance companies, the leading first-mortgage lenders in the state, held the largest share of the land. In 1933 they owned 3.9 per cent of the land in the state and in 1939 they had 8.1 per cent or an area equal roughly to eight out of the ninety-nine counties in the state.

By 1946 virtually all of the corporate acreage was back in the hands of individuals. High prices of farm products, high farm incomes, and rising land values during World War II made it possible for the lending agencies to sell their farms readily. In fact, several of the insurance

companies started selling their farms on contract as early as 1935. They sold chiefly to tenants, some of them former owners, with only a small down payment. Many of these farm owners have been able to clear their farms entirely of debt by 1946.

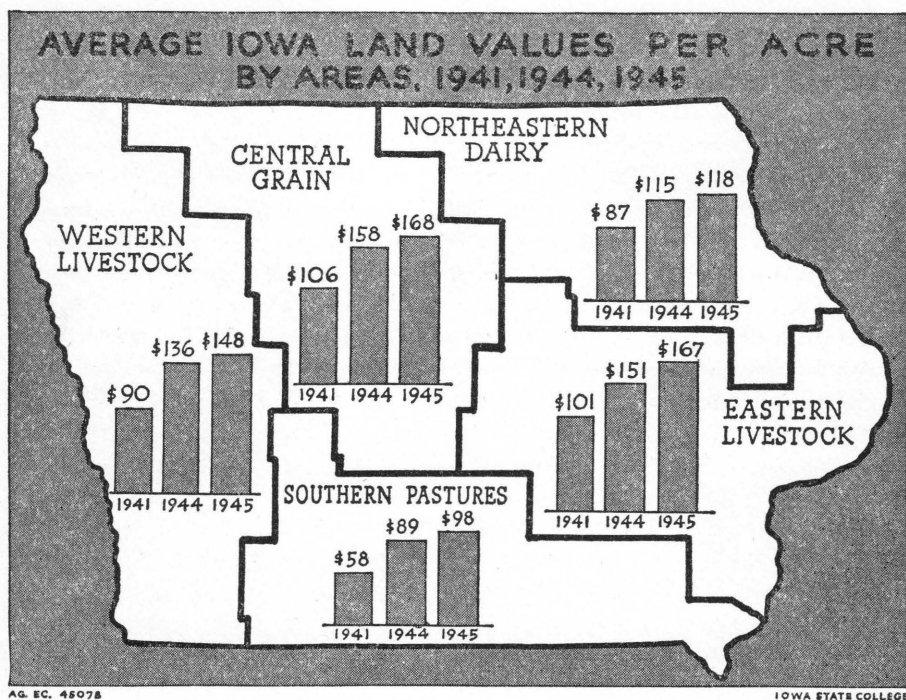


FIG. 1.—Rising land values during World War II showed a trend of the times. By areas, these were the values recorded for three of the years in the war period.

More ownership by operating farmers and less tenancy has been set forth as a worthy goal. A few qualifications, however, are in order. It is obviously unwise for tenants to buy farms during high price periods like 1919–20 because their ownership may be purchased at too high a cost or may end up in a mortgage foreclosure with the loss of the family's life savings. Furthermore, there are tenants who need to save additional money before buying and there are some tenants who may be better satisfied in the long run to remain tenants throughout their farming careers rather than take on the heavy risks of ownership. Yet in spite of these risks, the typical farmer and his family have a strong continuing desire to own a farm that belongs to them alone. And it

is a worthy desire when achieved without a heavy debt because it can provide independence, security, and a high standard of living for those who prefer a life on the farm.

It appears that the family-sized farm has become firmly established and that approximately one-half of our Iowa farms will continue to be operated by their owners and the other half by tenants. Depressions may increase the number of tenants because of farms that are lost through foreclosure. But good times will make it easy for tenants to step into ownership.

Although land values rose from an average of \$79 an acre in 1940 to approximately \$145 in 1946, there was much less buying and mortgaging than in the earlier period. The farm mortgage debt in Iowa in 1945 was estimated at 607 million dollars, which is less than at any time since 1913. World War II, unlike World War I, has not loaded farmers with a debt based on over-priced land. But large bank deposits, heavy demands for farm products, and an optimistic psychology at the end of Iowa's first one hundred years provided the possibility of ruinous land inflation.