

MR. STEWART, who was previously associated with the social and economic branch of the National Archives, is now on the staff of the Franklin D. Roosevelt Library at Hyde Park, New York.

## SETTLER, POLITICIAN, *and* SPECULATOR *in the SALE of the SIOUX RESERVE*

WILLIAM J. STEWART

THE VICIOUS Sioux Uprising that swept across the frontier settlements of western Minnesota in August, 1862, ended as did most Indian wars: initial Indian victories soon gave way to flight before the crushing superiority of the white man's arms and numbers. Those Sioux not killed or captured scattered across the northern plains — some to escape to Canada or the Dakotas, others to be shot on the run in final imitation of their chief, Little Crow. For those vanquished Sioux remaining in Minnesota, forced migration was quickly carried out. Popular fear and hatred of the red men, inflamed by the shocking character of the massacre, would permit nothing else, and Congress, with President Lincoln's concurrence, ordered the removal of all Sioux — innocent and guilty alike — to an area beyond the line of white settlement.<sup>1</sup>

<sup>1</sup> *Congressional Globe*, 37 Congress, 3 session, p. 1235. See also William E. Lass, "The Removal from Minnesota of the Sioux and Winnebago Indians," in *Minnesota History*, 38:353-364 (December, 1963).

<sup>2</sup> The reservation had originally extended ten miles on both sides of the river, but by the treaty of June 19, 1858, the Sioux ceded that portion of their reserve situated on the left bank. Most of this land remained vacant until after the removal of the Sioux and was then included in the part of the reserve opened to white settlement. See William W. Folwell, *A History of Minnesota*, 2:218, 393-400 (St. Paul, 1961).

<sup>3</sup> *Congressional Globe*, 37 Congress, 3 session, p. 528; United States, *Statutes at Large*, 12:819.

The departure of the Sioux meant vacant lands — a fertile half-million-acre reservation nestling in the valley of the Minnesota River. A ribbon-like tract that followed the Minnesota on its tortuous path, the Sioux reserve stretched from a point a few miles above New Ulm into Dakota Territory.<sup>2</sup> No one imagined that this reservation, embracing much fine agricultural land and lying in the direct path of settlement, would long remain vacant.

Ten days after President Lincoln signed the removal order, Congress, with uncharacteristic speed, enacted a measure providing for the disposal of the Sioux reserve. This bill, introduced by Senator Morton S. Wilkinson of Minnesota, was received without a murmur of debate and accepted with only minor amendments. The act of March 3, 1863, provided that the Sioux reservation be surveyed, appraised, and then offered for sale at its assessed value, with the proceeds to go to the displaced Indians. The third section of the act directed "that before any person shall be entitled to enter any portion of the said lands . . . he shall become an actual bona fide settler."<sup>3</sup> Speculators, it seemed, were *personae non gratae*, and entry was restricted to those persons who would settle and cultivate the land.

In June, 1865, with the completion of the survey and appraisal of the Sioux reserve,

the area was opened to entry at the St. Peter land office. During the first thirty days only four persons filed claims on the reserve, and the remaining months of 1865 saw no perceptible increase.<sup>4</sup> The next year was much the same, but in 1867 there was a definite upturn as a hundred settlers took up some 17,000 acres.<sup>5</sup> Yet the small number of settlers buying land in the Minnesota Valley had already prompted agitation for unrestricted entry at the minimum rate of \$1.25 an acre.

The immediate sources of this demand seem to have been John B. Downer and Henry A. Swift, officials at the St. Peter land office, who urged the proposal on Commissioner Joseph S. Wilson of the general land office and bolstered their letter with a petition from the local citizenry. They argued: "A public offering of these lands would hasten their settlement, encourage and expedite the occupancy of the government lands beyond, and enable the settlers to buy small tracts of timber land, without which bare prairie claims are uninhabitable." They also maintained that valuable timber was being pirated by trespassers, and they shed a pious tear for the Sioux who had thus far received little money for the sale of their reservation. Minnesota's Senators, Alexander Ramsey and Daniel S. Norton, also favored throwing the lands on the open market and willingly endorsed the request of Downer and Swift.<sup>6</sup>

This lobbying was not lost on Commissioner Wilson, for he recommended to Assistant Secretary of the Interior William T. Otto, "that the Lands be allowed to come into the market either at the appraised value as a minimum or otherwise as you may order." In his letter to Otto, Wilson prefaced his recommendation with the remark that "the matter is again pressed upon us."<sup>7</sup> Apparently, the subject had been broached before.

On August 28, 1867, President Andrew Johnson, acting on the advice of the secretary, issued a proclamation directing that 300,000 acres of land within the Sioux re-

serve be opened to private entry the following December.<sup>8</sup> This meant that 460 square miles, on both sides of the Minnesota River between present-day New Ulm and Granite Falls, would be open to all comers. Money would be the only requirement for purchase.

The government's decision to open the Sioux reserve to the speculative interests showed a cool disregard for the men who were expected to improve, cultivate, and populate the public domain. Although the first eighteen months had brought a disappointingly small trickle of settlers into the reserve, the number had sharply increased by the time Commissioner Wilson recommended unrestricted entry, and had the restriction remained in force it is quite possible that the majority of the Sioux reserve would have passed directly into the hands of bona fide farmers by the mid-1870s.

The years 1865 and 1866 scarcely provided a fair trial of potential settlement in the area. Memories of the uprising were still fresh, and in May, 1865, a major Indian scare swept the valley. Some military posts along the river were garrisoned as late as the spring of 1866, while outside the immediate region few people knew that the former Sioux reservation was already open for entry. In addition, 1865 had seen widespread crop failures in Minnesota. But the most important factor operating against rapid settlement was probably the high cost of the

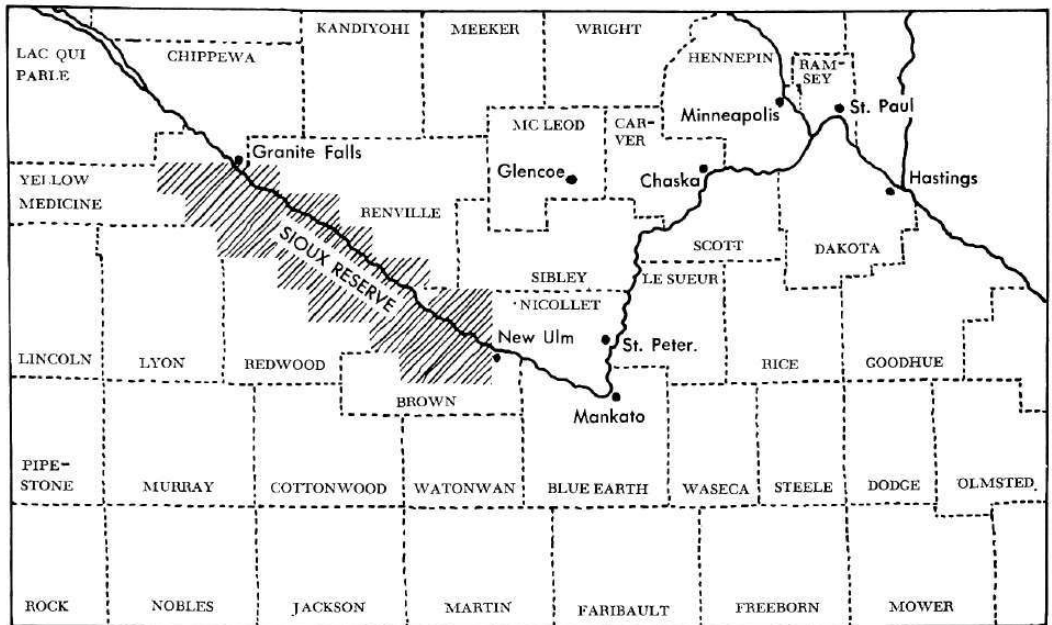
<sup>4</sup> Monthly abstracts of land sales, St. Peter, Sioux lands, June, 1865–December, 1865, among the records of the former General Land Office, Record Group 49, in the National Archives. Hereafter records in the National Archives are indicated by the symbol NA, followed by the record group (RG) number.

<sup>5</sup> Monthly abstracts of land sales, St. Peter, Sioux lands, January, 1866–November, 1867, NARG 49.

<sup>6</sup> The joint letter of Downer and Swift as well as the endorsement from Ramsey and Norton are missing from the correspondence file of NARG 49, although they are listed in the register of letters received. The texts of both as well as other correspondence concerning the sale appear in the *St. Paul Press*, July 2, 1868.

<sup>7</sup> Wilson to Otto, June 11, 1867, departmental letters sent, NARG 49.

<sup>8</sup> Number 723, proclamation file (copy), NARG 49.



SOUTHERN Minnesota showing the area opened for sale in December, 1867

land — \$350 to \$500 for a quarter section. Many prospective settlers no doubt asked why a man should pay \$2.50 to \$3.00 an acre when the recently enacted homestead law would give him 160 acres for nothing.<sup>9</sup>

THE IMPLEMENTATION of President Johnson's proclamation would have passed unchallenged, save for the appearance of a solitary but determined foe — Minnesota Congressman Ignatius Donnelly. On November 27, 1867, he paid a visit to Commissioner Wilson at the general land office to argue for a postponement of the December 2 opening. What Donnelly actually said to Wilson is not known. Probably his argument for delay was based on the belief that an open sale in the Sioux reserve would attract speculators to the disadvantage of prospec-

tive settlement. Wilson was cordial but disinclined to act favorably on the Congressman's request. The commissioner pointed out that the proclamation enjoyed the support of Senators Ramsey and Norton and the officials at the St. Peter land office. Donnelly stalked off with nothing more than a promise that his protest would be put before the secretary of the interior.<sup>10</sup>

But Congressman Donnelly was not ready to quit. Returning to his office, he hurriedly drew up a resolution in which he was joined by William Windom, Minnesota's other Congressman, and sent it to Commissioner Wilson. Donnelly candidly admitted that his request for a postponement was simply a tactic to permit time "for such Congressional legislation as may be necessary to protect the rights of those who may have entered upon said lands . . . and to still further encourage such settlements in the future." Should the sale proceed as planned, Donnelly warned, it would profit only the money interests. "The bulk of the lands," he prophesied, "will probably pass into the hands of speculators at a low price." Commissioner Wilson forwarded the Donnelly-Windom

<sup>9</sup> Folwell, *Minnesota*, 2:346-351; *Congressional Globe*, 40 Congress, 2 session, p. 538. The land costs are compiled from monthly abstracts of land sales, St. Peter, Sioux lands, June, 1865-November, 1867, NARG 49.

<sup>10</sup> Wilson to Donnelly, November 27, 1867, miscellaneous letters sent, NARG 49; Donnelly Diary November 27, 1867, Ignatius Donnelly Papers, in the Minnesota Historical Society.

resolution, without comment, to Secretary of the Interior Orville H. Browning for a decision. Secretary Browning informed Donnelly on the day before the sale was scheduled to begin that a postponement would not be considered.<sup>11</sup>

What was behind Donnelly's attempt to thwart the sale of the Sioux lands? There is no reason to doubt that he sincerely believed the arguments he put forth. There is evidence, however, that he was not motivated solely by a sense of public duty. His political enemies took his action for a clumsy attempt to discredit Ramsey, whose Senate seat the ambitious young Congressman coveted. The core of the matter, however, is probably revealed in a brief note from his neighbor and friend, William G. Le Duc, then president of the Hastings and Dakota Railway Company. Not only did this railroad represent an influential group of Donnelly's constituents, but he himself had a sizable interest in the venture. On September 30, 1867, Le Duc wrote: "I noticed a day or two since an advertizement [*sic*] of the sale of the Indian Lands (Reserve). It comes off this winter and it is very important to us that it be stopped if possible until Congress can have a chance to give us our half of them. What can be done?"<sup>12</sup>

In the months that followed, the Sioux reserve issue was hopelessly muddled by confusion over the status of settlers who had already pre-empted lands there but had delayed making payment on them.<sup>13</sup> If the settlers' lands were to be included in those thrown open to public auction, the struggling farmers would be forced to pay up immediately or risk losing their claims. Frontier politicians were particularly sensitive to such situations; by early November Ramsey and Norton had interceded with the department of the interior to exempt from public sale the land of settlers who could not pay up.<sup>14</sup> Secretary Browning obliged, and on November 18 the *St. Paul Press* (Ramsey's political organ) published the misleading announcement that the sale of the Sioux lands had been postponed.

Donnelly later claimed that he as well as others had taken this to mean that the entire sale had been temporarily called off. Not until November 26, when he received an urgent wire from Le Duc, did he realize his mistake. This no doubt accounted for the tardiness with which he commenced action.<sup>15</sup>

The entire affair might have died there, had not the *Mankato Record* (a paper friendly to Donnelly) tried to make it appear that Ramsey and Norton had urged the sale of all the reserve lands and that Donnelly and Windom had been responsible for saving the settlers' claims. This piece of misrepresentation was immediately challenged by the *St. Paul Press*, and in the course of the controversy that followed, most of the official correspondence dealing with the sale was published.<sup>16</sup> Donnelly continued to maintain "that the true interests of the State are greatly advanced by the *actual settlement* of the public lands, and their transformation into producing farms; and very greatly injured by permitting them to pass, in large bodies, into the hands of non-resident speculators, who make no im-

<sup>11</sup> Donnelly to Wilson, November 29, 1867, letters received H 18566; Wilson to Browning, November 29, 1867, departmental letters sent, both in NARG 49; Browning to Wilson, December 1, 1867, lands and railroad division letters sent, records of the Department of the Interior, NARG 48.

<sup>12</sup> Le Duc to Donnelly, September 30, 1867, Donnelly Papers. The railroad had received a land grant the year before, and its officers were apparently anxious to select some of the lands from within the reserve. For details of Donnelly's involvement with the Hastings and Dakota Railway, see Martin Ridge, *Ignatius Donnelly: The Portrait of a Politician*, 97 (Chicago, 1962).

<sup>13</sup> The act of March 3, 1863, required settlers to pay for their claims within a year of settlement. In their letter to Wilson, Downer and Swift reported that "a large proportion of those who file declaratory statements alleging settlement, pay no regard to that limitation, intending, it is supposed, to delay making proof and entry until a public sale shall be proclaimed." *Press*, July 2, 1868.

<sup>14</sup> *Press*, January 3, July 2, 1868.

<sup>15</sup> *Press*, January 17, 1868; Le Duc to Donnelly, November 25, 1867, (telegram) November 26, 1867, Donnelly Papers.

<sup>16</sup> *Press*, December 31, 1867; January 3, 7, 17, 18, 29, July 2, 1868.



[No. 723.]

BY THE PRESIDENT OF THE UNITED STATES.

## PROCLAMATION

**For the sale of valuable lands in that part of the Sioux Indian Reservation on *Minnesota River*, MINNESOTA, lying within the limits of the district of lands subject to sale at St. Peter.**

*THE heading from President Johnson's proclamation of August 28, 1867*

provements, raise no crops, construct no roads, build no school-houses, and support no towns and cities.”<sup>17</sup> Apparently he did not consider railroads in a class with speculators, since the former were, above all, instruments for opening the country to settlement.

IN ACCORDANCE with President Johnson's proclamation, land within the Sioux reserve was first offered at public auction from December 2 to December 16, 1867. The sale, held in the land office at St. Peter, drew a crowd of small-tract entrymen who bid from \$1.50 to \$4.00 an acre. On the whole, speculators nourished a thorough distaste for competitive buying, and most of them remained away from the auction. The sole exception was John A. Willard of Mankato, who bid successfully on 4,000 of the 25,000 acres sold.<sup>18</sup>

The act of 1863 specified that after a public auction, reserve lands might be offered at

the legal minimum of \$1.25 an acre or at whatever higher figure the secretary of the interior should set.

On December 17, the remaining 275,000 acres were thrown open to private entry, but the discomfort and hazard of winter travel held sales to a few thousand acres a month. In May, spring and the speculators arrived in St. Peter, and business became brisk, reaching a peak during the summer of 1868, when 125,000 acres were conveyed into private hands.<sup>19</sup>

Between December, 1867, and December, 1869, fifty purchasers entered 159,202 acres — two-thirds of the total land area offered after the auction. Since twenty-eight per cent of these bought only 750 to 1,000 acres, it is possible that the group included a few actual settlers. But the purchase of three to four times the amount of land a man could farm would seem to indicate entry for speculation. It should also be noted that the names of many of these individuals appear again and again as entrymen for lands in other parts of Minnesota as well as in other states. One such petty land monopolist was J. W. Sprague, who bought only two sections (1,280 acres) in the Sioux reserve. A few years later Sprague was on the Pacific Coast,

<sup>17</sup> *Press*, January 17, 1868.

<sup>18</sup> Monthly abstracts of land sales, St. Peter, Sioux lands, December, 1867, NARG 49.

<sup>19</sup> United States, *Statutes at Large*, 12:819; monthly abstracts of land sales, St. Peter, Sioux lands, December, 1867–September, 1868, NARG 49.



furiously buying up tens of thousands of acres of Washington timberland.<sup>20</sup>

Eight of the eleven largest buyers were Minnesota residents. They included William F. Davidson (16,917 acres), J. W. Paxton (16,303 acres), George B. Wright (12,530 acres), Henry W. Lamberton (9,398 acres), and John Shilloch (5,338 acres). John Willard increased his holdings to 14,619 acres and bought an additional 10,008 acres in partnership with Alpheus Hewitt and James B. Hubbell. Thus 135 square miles of the Minnesota Valley passed into the hands of eight men.<sup>21</sup>

Speculation in the Sioux reserve was not entirely a local venture. The news that thousands of acres of Minnesota farm land had been put on the block soon caught the attention of eager eastern promoters. Rock-bottom prices, no acreage limit, and the hope of turning a tidy profit conspired to infect a number of easterners with a touch of land fever. Early in the spring of 1868, these out-of-towners appeared in St. Peter mingling with the local gentry. The first arrival was a Mark Howard from Hartford, Connecticut, who purchased over 2,000 acres, then promptly departed. Close on Howard's heels came Merrill and Gilman Currier of Boston, William A. Porter of Philadelphia, Thaddeus Ault of St. Louis, and a dozen others from such distant points as Baltimore, Cincinnati, and New York. While none of these absentee entrymen can be classified as heavy buyers, they did gain control of 50,000 acres, approximately twenty per cent of all land sold in the Sioux reserve.<sup>22</sup>

Who were the speculators? Nothing is known of many save their names, but a few of the Minnesotans did reach a local prominence that insured some record for posterity. Willard, Hubbell, Lamberton, and Paxton all conducted banking operations along with other business ventures. The first two were from Mankato, Lamberton was from Winona, and Paxton had interests in New Ulm.<sup>23</sup> Wright was a United States deputy surveyor who earned thousands of dollars laying out Minnesota townships for the general land office. He also entered large acreage in the St. Cloud district but scrupulously avoided land that he personally had surveyed.<sup>24</sup> Another thirsty plunger was "Commodore" Davidson, a colorful steamboat operator, whose paralyzing grip on the carrying trade of the upper Mississippi and

<sup>20</sup> Monthly abstracts of land sales, St. Peter, cash sales, January, 1866–December, 1868; monthly abstracts of land sales, St. Cloud, cash sales, January, 1866–December, 1868; monthly abstracts of land sales, St. Cloud, agricultural college scrip, January, 1869–December, 1873, all in NARG 49; Paul W. Gates, "The Homestead Law in an Incongruous Land System," in *American Historical Review*, 41: 652–681 (July, 1936).

<sup>21</sup> Monthly abstracts of land sales, St. Peter, Sioux lands, December, 1867–December, 1869, NARG 49.

<sup>22</sup> Monthly abstracts of land sales, St. Peter, Sioux lands, December, 1867–December, 1869, NARG 49.

<sup>23</sup> Warren Upham and Rose B. Dunlap, *Minnesota Biographies*, 350, 419, 438 (*Minnesota Historical Collections*, vol. 14).

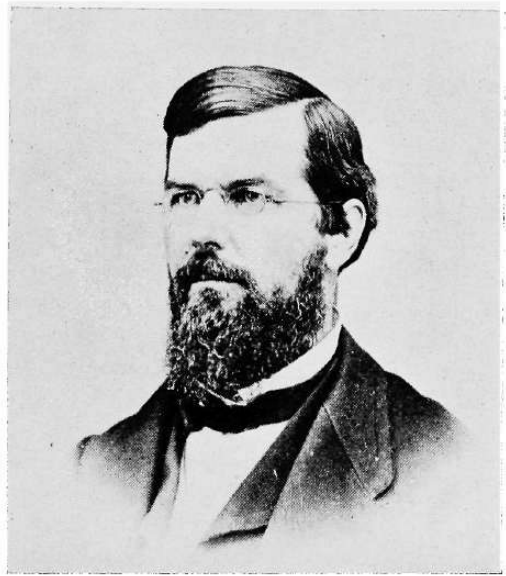
<sup>24</sup> Monthly abstracts of land sales, St. Cloud, agricultural college scrip, January, 1869–December, 1873; monthly abstracts of land sales, St. Cloud, cash sales, January, 1866–December, 1868, all in NARG 49.

SALES OF SIOUX RESERVE LANDS, COMPILED FROM MONTHLY ABSTRACTS  
OF SALES, DECEMBER, 1867–DECEMBER, 1869

NUMBER OF ENTRYMEN	ACREAGE ENTERED	TOTAL ACREAGE
11	Over 4,000	99,141
8	2,001 — 4,000	24,878
17	1,001 — 2,000	24,367
14	750 — 1,000	10,816
50		159,202

Minnesota rivers earned him the posthumous title "the Jay Gould of water transportation." Davidson set a record at the St. Peter land office when he entered 14,000 acres in one day. Among the other local entrepreneurs who invested in Sioux lands were a considerable number of political officeholders: John C. Rudolf, a member of the Minnesota legislature; Charles T. Brown, a state senator; Orlen P. Whitcomb, a county treasurer and later, state auditor; and Charles E. Vanderburgh, a federal judge.<sup>25</sup>

The most intriguing of the land adventurers in the Minnesota Valley were Downer and Swift. Downer was receiver of public moneys, and Swift, a former governor of Minnesota, was register of land sales. Buying up acreage in the reserve was not their first speculative venture. Previously these two had boldly located thousands of acres in their own district using agricultural college scrip. When a general land office reviewing clerk brought this interesting fact to the attention of the commissioner, Wilson asked Assistant Secretary of the Interior Otto to issue a blanket cancellation of all Downer and Swift entries. Otto, however, refused to



HENRY A. Swift

take any action, despite the fact that he was legally justified in doing so.<sup>26</sup>

The land officers enjoyed manifest advantages denied other buyers. They might, were they so inclined, withhold the more desirable tracts from the public, then enter the lands themselves at their pleasure. Available for their private use were the confidential field notes and plats of the United States deputy surveyor who had laid out the Sioux reserve. Armed with such useful information, they could buy confidently and selectively. The pair located approximately 3,500 acres, frequently in small parcels, throughout the Minnesota Valley. They spent a sum just about equal to what they earned in commission fees for selling the reserve.<sup>27</sup>

<sup>25</sup> Lester B. Shippee, "Steamboating on the Upper Mississippi After the Civil War: A Mississippi Magnate," in *Mississippi Valley Historical Review*, 6:470-502 (March, 1920); Upham and Dunlap, *Minnesota Biographies*, 81, 660, 804, 846; Folwell, *Minnesota*, 3:409 (St. Paul, 1930).

<sup>26</sup> Wilson to Otto, June 5, 1867, lands and railroad division, letters received, NARG 48; United States, *Statutes at Large*, 1:716.

<sup>27</sup> Monthly abstracts of land sales, St. Peter, Sioux lands, December, 1867-December, 1869, NARG 49.

PRICES OF SIOUX RESERVE LANDS, COMPILED FROM MONTHLY  
ABSTRACTS OF SALES, DECEMBER, 1867-DECEMBER, 1869

PRICE PER ACRE	ACRES SOLD	TOTAL REVENUE
\$1.25	179,771	\$224,714
1.50	38,961	58,442
1.75	14,028	24,549
2.00	7,523	15,046
Over 2.00	5,144	14,255
	245,427	\$337,006

THE SIOUX reservation was, indeed, a speculator's paradise. The asking price for acreage there was unaccountably low for land assessed as prime agricultural property. It was divided between timbered river bottom and fertile prairie and was not far from established towns. It had access to water transportation, although this was limited by the difficulty of navigating the river's upper reaches. By 1868, however, railroads were creeping toward the area. The Minnesota Valley Railroad (soon to become the St. Paul and Sioux City) had built along the south bank of the river as far as Shakopee by 1866 and was rapidly extending its rails toward Mankato. Le Duc's Hastings and Dakota line was to cross the river at Chaska and run westward through Glencoe, reaching the Minnesota again at Granite Falls. Even ten years earlier Joseph R. Brown, the Sioux agent, had estimated the fair value of the reservation at \$5.00 an acre.<sup>28</sup> Yet only two per cent of this land brought more than \$2.00, and the secretary of the interior permitted almost seventy-five per cent of it to go at the bare minimum of \$1.25.<sup>29</sup>

The alienation of the Sioux reserve affords a disturbing view of the indifference and inadequacy of those responsible for the public lands. The cavalier attitude of the govern-

ment served to penalize citizens who hoped to improve and populate the broad areas of the West. By selling 160,000 Minnesota Valley acres to speculators, the federal government, in effect, was forcing 1,100 to 1,200 future settlers to deal with a middleman. What happened in the Sioux reserve was, of course, not unique. In Kansas and elsewhere, the government allowed greedy speculators to grab hundreds of thousands of acres.<sup>30</sup> Indeed, wherever one looks in the history of the American frontier, one is apt to see the long shadow of the land speculator looming ahead of the pioneer's plodding figure.

<sup>28</sup> Harold Austin Meeks, "The Growth of Minnesota Railroads, 1857-1957," 11, 13, 14, 19, an unpublished dissertation in the University of Minnesota library; Folwell, *Minnesota*, 2:398.

<sup>29</sup> Monthly abstracts of land sales, St. Peter, Sioux lands, December, 1867-December, 1869. On the nearby Winnebago reservation, also in the St. Peter land district, farms sold to actual settlers for \$2.25 to \$3.00 an acre (see monthly abstracts, Winnebago lands, December, 1865-December, 1868, NARG 49). These were, however, not strictly comparable, since much of the Winnebago reserve had been under cultivation by the Indians.

<sup>30</sup> Vernon Carstensen, ed., *The Public Lands*, 334-336 (Madison, 1963).

THE PRESIDENT'S proclamation was reproduced from the copy on file in the National Archives. The portrait on page 91 is from the picture collection of the Minnesota Historical Society.

## *An Optimist Looks at America's Future - 1867*

THE FOLLOWING paragraph from the Atlantic Monthly of December, 1867, was reprinted in the St. Paul Press for the fifteenth of that month:

As one looks forward to the America of fifty years hence, the main source of anxiety appears to be in a probable excess of prosperity, and in the end of those great public wrongs which require a special moral earthquake to end them. Except to secure the ballot for woman — a contest which is thus far advancing very peaceably — there seems nothing left which need be absolutely fought for; no great influence to keep

us from a commonplace and perhaps debasing success. There will, no doubt, be still need of the statesman to adjust the details of government, and of the clergyman to keep an eye on private morals, including his own. There will also be social and religious changes, perhaps great ones; but there are no omens of any very fierce upheaval. And seeing the educational value to this generation of the reforms for which it has contended, and especially of the anti-slavery enterprise, one must feel an impulse of pity for our successors, who seem likely to have no convictions that they can honestly be mobbed for.





Copyright of **Minnesota History** is the property of the Minnesota Historical Society and its content may not be copied or emailed to multiple sites or posted to a listserv without the copyright holder's express written permission. Users may print, download, or email articles, however, for individual use.

To request permission for educational or commercial use, [contact us](#).