INCLUSION IN THE AMERICAN DREAM

ASSETS, POVERTY, AND PUBLIC POLICY

Edited by

Michael Sherraden

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The Homestead Act: A Major Asset-Building Policy in American History

Trina Williams Shanks

Land policy plays an important role in U.S. history. From frontier life, as exemplified by Laura Ingalls Wilder in her *Little House on the Prairie* books (Wilder, 1935) to key moments, such as the 1889 Land Run in Oklahoma, policy decisions about property shaped how and where people lived in early American society. One of the most enduring pieces of legislation shaped settlement in the western territories from 1863 to 1939. Signed into law on May 20, 1862, by Abraham Lincoln, the Homestead Act was one of the nation's first major domestic policies. The act is important for several reasons. It represents consensus culminating from a larger dialogue concerning the rights of citizenship, how the nation's land resources would be managed, and whether an opportunity should be provided for individuals other than the wealthy to own property in the western territories. In addition, it complements other policy and economic changes that were taking place simultaneously during the latter part of the nineteenth century.

This chapter will address three questions: What is the significance of the Homestead Act? Who benefited from the Homestead Act? What can we learn from the Homestead Act? After an introduction to the homestead legislation and an explanation of how it was implemented, there will be an empirical analysis that considers the long-term impact of the act. This will entail a calculation of the descendants each homestead family might have had, based on a few reasonable demographic assumptions, followed by an estimation of how many people living today may have ancestors who received property through this transfer of assets. Considering implications that follow from the Homestead Act, the chapter will discuss principles for policies that would provide genuine opportunities for all citizens while contributing to the long-term development of the nation's resources, particularly looking toward future generations.

SIGNIFICANCE OF THE HOMESTEAD ACT: HISTORICAL BACKGROUND

Land commonly known as the public domain was granted to or purchased by the U.S. government between 1781 and 1853.[1] This essentially included all land owned by the federal government that was not a part of the original thirteen states. Excluding Alaska, the total area of the public domain encompassed nearly 1.5 billion acres, obtained through the following territorial acquisitions: state cessions, the Louisiana Purchase, Red River Basin, cession from Spain, Oregon Compromise, Mexican cession, purchase from Texas, and the Gadsden Purchase (U.S. Department of the Interior, 1998; see map in figure 2.1). How to administer this public land that formed a continuous strip of territory from East to West Coast was an important part of early governmental policy. Congress passed 3,500 land laws between 1785 and 1880 (Gates, 1970).

The primary policies governing federal property were decided soon after the United States attained independence (Hughes, 1987; Robbins, 1976). The Land Ordinance of 1785 established a system of surveying to measure territories and divide them up for public sale. Townships of 36 square miles were marked off and divided into one-square-mile sections of 640 acres each. Congress reserved certain sections in townships for government use and for establishing common schools (Dick, 1970; Robbins, 1976). Complementing this arrangement, Congress passed the Northwest Ordinance in 1787, which established laws whereby territories could become states (Hyman, 1986; North and Rutten, 1987).

Opposing viewpoints arose on how best to distribute the property.[2] Initially, available land was to be auctioned as entire sections (640-acre lots) to the highest bidder at a minimum price of $1 to $2 per acre. There were complaints that the price was too high and the acreage too large, favoring the wealthy and speculators rather than small farmers. Politicians such as Thomas Jefferson, William Henry Harrison, and Albert Gallatin (who represented the frontier region of Pennsylvania) favored an agrarian republic made up of many small landholders and argued that the land should be sold in smaller plots at a reduced price to maintain economic democracy (Cross, 1995; Robbins, 1976). Numerous petitions were made to Congress for change, but the political reality was that raising revenue was the high priority. Since the "new government was practically bankrupt . . . one of the first thoughts of statesmen was to sell the public land and bolster the country financially" (Dick, 1970, 6).

However, attempts to sell land in large bundles at high prices did not always succeed. There were often owner resells and bounty warrants where land could be purchased at prices cheaper than $1 per acre (Gates, 1941; Lebergott, 1985; North and Rutten, 1987). In addition, many people on the frontier did not honor the official laws. Groups of settlers simply started living off the land, farming, cutting timber, and extracting natural resources. Some settlers even formed squatters' clubs to protect property, keep bidding at minimum levels, ensure their members got the best land,

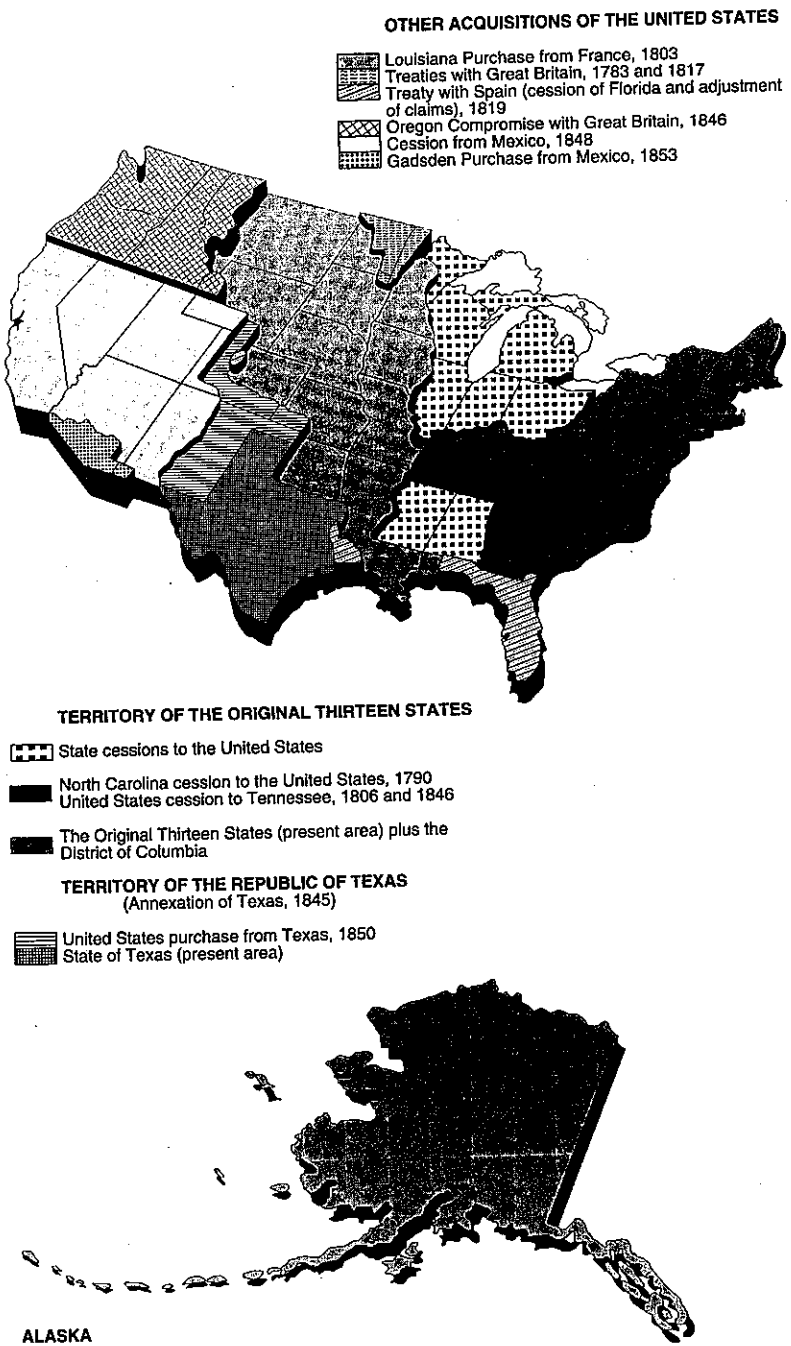


Figure 2.1 Distribution of public land acquisitions by 1853 (Alaska not considered). *Source:* U.S. Department of the Interior, Bureau of Land Management.

and enforce their own informal norms. The eastern reaction to these practices was typically negative; laws were passed to fight against squatting and unauthorized occupancy (Dick, 1970; Robbins, 1976).

By 1832, raising revenue was no longer the most pressing priority because President Andrew Jackson had paid off the national debt. In addition, the very wealthy had other investment options, and their portfolios were more likely to include city lots rather than farmland (Lebergott, 1985). These changing competitive factors, along with new political concerns stemming from the growing political power of western states and territories, led to laws and institutional changes that shifted the balance from large landowners and eastern investors toward smaller landowners and independent farms. The Preemption Act of 1841 allowed squatters with an established claim guaranteed permission to purchase their land at the minimum price of $1.25 per acre once the area opened for survey and settlement. The Graduation Act of 1854 reduced the minimum fixed price from $1.25 to $1 per acre after ten years, and for plots of land not purchased for thirty years, prices were as low as 12.5 cents (Dick, 1970; North, 1974; Robbins, 1976).

The culmination of these incremental changes was the Homestead Act, passed in May 1862. The statute provided that heads of household, military veterans, and those over 21 years of age were entitled to 160 acres of unappropriated land as long as they had not borne arms against the U.S. government. Applicants had to be U.S. citizens or had to have filed intention of becoming one. After filing an application for surveyed land with the appropriate land office and swearing that the property was for one's own use with the purpose of cultivation and settlement, the person had six months to move onto the land and begin improvements. These plots of land were exempt from sale, taxes, and previous debt.[3] Any time after five years, the applicant was entitled to take out final papers and receive a patent for the land, after providing evidence that all conditions had been fulfilled and paying nominal charges to the appropriate land office. If the claimant abandoned the land or changed residence, the plot reverted back to the government. The Preemptive Clause of 1841 was still in effect, however, so if homesteaders wanted to pay the minimum price per acre before the five years expired, they could still buy title to the land. This was called the commutation of a homestead (Dick, 1970; Sloan, 1976).

The beauty of the Homestead Act was that anyone who was willing to move west and stake a claim was eligible to own public land. Wage earners, recent immigrants, young adults from large families desiring private property, those seeking adventure, those wanting to shape politics or culture in the "lawless" West, those seeking a new start, and thousands of others all were free to pursue their personal dreams and aspirations. Everett Dick (1970) writes that "land was the most important single social factor in frontier history"; it "became the lure that enticed immigrants to America and settlers farther westward" (ix).

Citizens with few or no assets could find an unoccupied 160 acres, file a homestead application and, after living on the land for five years, possess

crops, land, and financial independence. In a sense, the government was not only giving away land, but also the opportunity for upward mobility and a more secure future for oneself and one's children. As Dick (1970) states, "Just as gaining an education is the surest way to rise in society today, in colonial days the acquisition of property was the key to moving upward from a low to a higher stratum. The property holder could vote and hold office, but the man with no property was practically on the same political level as the indentured servant or slave" (1–2).

Yet even with passage of the Homestead Act, the details of implementation would be the key to fulfilling its promise. It was a great opportunity but also entailed great risk. Gaining title to the available land was not a simple task and sometimes produced false hope. One of the biggest barriers to surviving five years and successfully attaining title was the need for at least some capital. More than land was necessary to build a farm. W. F. Deverell (1988) estimates that between $600–$1,000 was required. At minimum, the homesteaders needed money to travel, register with the appropriate land office, plant crops, and sustain themselves until harvest (Cross, 1995; Danhof, 1941). A bad crop or poor weather could cause setbacks that made surviving the winters difficult. In addition, moneylenders often charged exorbitant interest rates to settlers compelled to borrow. Initially optimistic homesteaders often became discouraged and returned home (Dick, 1970).

Understandably, farmers already living on western lands benefited the most. They knew the terrain and simply claimed the best homestead property nearby (Deverell, 1988). Due to a lack of information about certain areas and terrains, professional land agents arose who understood the legal process and tried to outmaneuver newcomers, sometimes charging fees to help people find good property or selling rights to contested land before it was actually surveyed (Gates, 1970). But in spite of such difficulties, the homestead policy of registering land claims on surveyed property and gaining title to land did provide a viable option for adults to attain independent living on a self-managed farm, to develop assets that might appreciate over time, and to provide an estate to pass on to their children. Indeed, a settler filing entry for a homestead with a land office was less likely to have his or her land dispossessed than a settler purchasing a similar plot of land from a private owner (Gates, 1996).

In his report for the Public Land Commission, Thomas Donaldson (1884, 350) summarized the benefits of the Homestead Act as follows:

> The homestead act is now the approved and preferred method of acquiring title to the public lands. It has stood the test of eighteen years, and was the outgrowth of a system extending through nearly eighty years, and now, within the circle of a hundred years since the Untied States acquired the first of her public lands, the homestead act stands as the concentrated wisdom of legislation for the settlement of the public lands. It protects the Government, it fills the States with homes, it builds up communities, and lessens the chances of social and civil disorder by giving ownership of the soil, in small tracts, to the occupants thereof. It was copied from no other nation's system. It was originally and distinctively American, and remains a monument to its originators.

Although the basic tenets of the Homestead Act remained the same throughout its seventy-five-year tenure, they were adjusted several times to deal with timber interests, mining interests, grazing interests, irrigation needs, and concern for the environment. For example, the area west of the one-hundredth meridian received insufficient rainfall to farm without special techniques, so adjustments were made in the allowable acreage and the time necessary to remain on the land prior to filing for ownership (Dick, 1970; Peffer, 1951). Also, when it appeared that forests were being harvested too quickly, some states created incentives for homesteaders to set aside part of their acreage to plant trees or required loggers to purchase land legally, according to the value of the timber it contained (Robbins, 1976).

By the 1920s, however, the land remaining in the public domain was less and less desirable for farming, due to severe climates and, in some cases, stripping of natural resources. Also, with an agricultural depression, it was difficult for novices to sustain themselves on small farms located in less fertile terrain (Dick, 1970). However, most scholars agree that the real end of frontier settlement came with a series of laws signed by President Franklin Roosevelt (Dick, 1970; Peffer, 1951; Robbins, 1976). Two executive orders, dated November 26, 1934, and February 5, 1935, withdrew all remaining land (aside from Alaska) from the "unreserved and unappropriated public domain" (Dick, 1970, 364). What was left could be reserved for uses such as logging and grazing but would be owned by all citizens of the United States, not given over as private property.

Overall, this process of land transfer provided a foundation for future growth both in terms of population and the economy. As the more western parts of the frontier were settled, the Homestead Act allowed development to occur in families and communities over time. With a legal title, the farmer could pass along accumulated assets and upward mobility to descendants. For example, the original homesteader might clear 80 of the property's 160 acres, build a house, and plant a few crops each year. The homesteader's children might make more improvements by clearing the other 80 acres and raising livestock, while continuing to sell crops. In addition, once enough farmers populated an area, there would be sufficient demand to establish a town, a school, retail stores, and other amenities, creating economic opportunities apart from agriculture. This one-time transfer of property provided a mechanism and incentives for growth over generations rather than limiting benefits to one person or lifetime.

NUMBER OF AMERICANS WHO HAVE BENEFITED FROM THE HOMESTEAD ACT

Number of Homesteads Granted

Building upon the narrative regarding the Homestead Act above, this section will be more empirical, focusing on the actual number of people who received a title to public lands through the policy. Data from a report by

Donaldson (1884), public land statistics (U.S. Department of the Interior, 1961), and historical statistics (U.S. Census Bureau, 1975) have been compiled in table 2.1 to summarize the basic information collected from land records. The first column records the dates of original entries, that is, applications that were accepted for land. The second column details the number of people who submitted accepted and properly entered applications to secure title to public domain lands. The third column lists the number of acres requested by these applications. The fourth column lists the number of people who made final entries (typically five years later) and were issued an equitable title (patent) to their homestead property after complying with the relevant legal requirements. The fifth column lists the final number of acres transferred from the federal government to those homesteaders. Upon paying the appropriate administrative fees, those making final entries owned the land and could use it as they pleased. As the original Homestead Act required homesteaders to live on the land for five years, there is a lag between the original entries in 1863 and the first homestead titles granted in 1868.

The numbers for each year have been tabulated into 10-year running totals. Comparing decades, the largest number of applications was submitted between 1900 and 1909, at 794,513 entries. The largest number of final titles (patents) was granted between 1910 and 1919, for 384,954 homesteads. Over the 76-year period in consideration, 3 million people applied for homesteads, and almost 1.5 million households were given title to nearly 246 million acres of land. This represents a remarkable transfer of wealth and assets. The total acreage is close to the land area of Texas and California combined.

A quick comparison makes it apparent that the number of original applications is much higher than the number of final titles issued. This may seem like a huge failure rate, and the reality is that some applicants were not able to survive or persevere for the required five years. There are other explanations, however. Although he cites some evidence of blacks who submitted preliminary entries being intimidated into leaving by white neighbors in the South, Roy Robbins comments that the primary reason for the discrepancy between the number of applications and patents was likely "dummy filings" (1976, 240–241). This occurred when wealthy individuals or corporations employed people to stake claims for agricultural homesteads so that the profiteers could cut the timber or mine the minerals therein. After stripping these lands of their resources, the claimants never concluded the transactions for final entry. Each local land district included thousands of square miles, making it impossible for officials to monitor and verify each entry. In addition to such possible instances of fraud, the final homestead numbers do not include commutations of the five-year residency requirement. That is, people who decided to buy their land outright at $1.25 an acre after six months could obtain an ownership title without filing a final homestead entry (Dick, 1970; Sloan, 1976). It is important to note, however, that even if one homestead application was unsuccessful, the farmer could make an entry on another plot of land. Some people made several entries before successfully attaining title to a homestead property (Dick, 1970).

Table 2.1 Homestead Totals: Number of Entries, Acres, and Final Patents

Year	Original Entries	Acres	Homestead Patents	Final Acreage
1863	8,223	1,032,872		
1864	9,405	1,247,171		
1865	8,924	1,141,443		
1866	15,355	1,890,848		
1867	16,957	1,834,513		
1868	23,746	2,332,151	2,772	355,086
1869	25,628	2,698,482	3,965	504,302
Total 1863–1869	108,238	12,177,480	6,737	859,388
1870	33,972	3,754,203	4,041	519,728
1871	39,768	4,657,355	5,087	629,162
1872	38,742	4,595,435	5,917	707,410
1873	31,561	3,760,200	10,311	1,224,891
1874	29,126	3,489,570	14,129	1,585,782
1875	20,668	2,369,782	18,293	2,068,538
1876	25,104	2,867,814	22,530	2,590,553
1877	18,675	2,176,257	19,900	2,407,828
1878	35,630	4,496,855	22,460	2,662,981
1879	41,005	5,267,385	17,391	2,070,842
Total 1870–1879	314,251	37,434,856	140,059	16,467,715
1880	47,293	6,054,709	15,441	1,938,235
1881	36,999	5,028,101	15,077	1,928,005
1882	45,331	6,348,045	17,174	2,219,454
1883	56,565	8,171,914	18,998	2,504,415
1884	54,982	7,832,000		2,946,000
1885	60,877	7,416,000	43,909	3,033,000
1886	61,638	9,145,000		2,664,000
1887	52,028	7,594,000		2,749,000
1888	46,236	6,677,000	115,264	3,175,000
1889	42,183	6,029,000		3,682,000
Total 1880–1889	504,132	70,295,769	225,863	26,839,109
1890	40,244	5,532,000		4,061,000
1891	37,602	5,040,000		3,955,000
1892	55,113	7,716,000		3,260,000
1893	48,436	6,809,000		3,477,000

(continued)

Table 2.1 (continued)

Year	Original Entries	Acres	Homestead Patents	Final Acreage
1894	56,632	8,047,000	116,178	2,930,000
1895	37,336	5,009,000		2,981,000
1896	36,548	4,831,000		2,790,000
1897	33,250	4,452,000		2,778,000
1898	44,980	6,207,000		3,095,000
1899	45,776	6,178,000	110,593	3,134,000
Total 1890–1899	435,917	59,821,000	226,771	32,461,000
1900	61,270	8,478,000		3,478,000
1901	68,648	9,497,000		5,241,000
1902	98,829	14,033,000		4,343,000
1903	80,188	11,193,000		3,577,000
1904	69,175	10,171,000		3,233,000
1905	70,344	12,896,000	144,121	3,419,000
1906	89,600	13,975,000		3,527,000
1907	93,957	14,755,000		3,741,000
1908	87,057	13,586,000		4,243,000
1909	75,445	12,302,000	130,430	3,699,000
Total 1900–1909	794,513	120,886,000	274,551	38,501,000
1910	98,598	18,329,000		3,796,000
1911	70,720	17,639,000		4,620,000
1912	52,991	13,624,000		4,306,000
1913	57,800	11,222,000		10,009,000
1914	62,229	12,117,000		9,291,000
1915	62,360	12,440,000	189,553	7,181,000
1916	65,282	13,628,000		7,278,000
1917	58,896	12,021,000		8,497,000
1918	35,875	7,420,000		8,236,000
1919	39,341	10,204,000	195,401	6,525,000
Total 1910–1919	604,092	128,644,000	384,954	69,739,000
1920	48,532	13,511,000		8,373,000
1921	43,813	13,662,000		7,727,000
1922	29,263	8,980,000		7,307,000
1923	18,942	5,524,000		5,594,000

Table 2.1 (continued)

Year	Original Entries	Acres	Homestead Patents	Final Acreage
1924	13,886	3,873,000	119,949	4,791,000
1925	11,010	3,041,000		4,049,000
1926	10,354	2,875,000		3,451,000
1927	10,500	3,237,000		2,584,000
1928	10,429	3,367,000		1,816,000
1929	11,598	4,178,000	39,439	1,701,000
Total 1920–1929	208,327	62,248,000	159,388	47,393,000
1930	12,708	4,723,000		1,371,000
1931	12,640	4,757,000		1,353,000
1932	10,639	3,914,000		1,210,000
1933	7,527	2,642,000		907,000
1934	7,507	2,787,000	20,501	1,124,000
1935	3,297	1,166,000		1,640,000
1936	1,209	357,000		1,765,000
1937	561	111,000		1,915,000
1938	447	78,000		1,362,000
1939	378	66,000	19,533	1,089,000
Totals 1930–1939	56,913	20,601,000	40,034	13,736,000
Grand total	3,026,383	512,108,105	1,458,357	245,996,212

Sources: Donaldson, 1970; U.S. Census Bureau, 1975; U.S. Department of the Interior, 1961.
Note: Homestead patents represent the number of households making final entry and receiving an equitable title to their land after complying with the relevant legal requirements, typically five years' residence.

The U.S. Department of the Interior (1998) lists that 287.5 million acres of the public domain were granted or sold to homesteaders. This is approximately 20 percent of public land and is comparable to the amount of land granted to states and the acreage sold or awarded to railroads and other corporate interests.[4]

Estimated Long-Term Impact

Even though the Homestead Act touched many aspects of American life as the western frontier developed and territories became states, the focus of this chapter is the families who acquired property as a result of this policy. This legislation provided many people the opportunity to relocate and

begin new lives. Such choices not only affected the homesteaders and their immediate families, including children, but also their relatives and friends who were left behind. Acquiring a homestead created a distinct lifestyle and social situation, leaving a legacy for future generations.

Given that a homestead provided a real asset that could be developed and passed on to one's children, an interesting question is, how many people living today had ancestors who acquired property through the Homestead Act? This is not simply an intellectual curiosity, but rather a way to demonstrate the enduring legacy of early asset-building policy. The case can be made that after individuals successfully survived on a homestead for five years and obtained title (called "proving up"), they became active participants in the developing economy. Whether family members continued in farming or took on other professions, future generations could have a tie to property and obtain a positive externality from ancestors who had achieved upward mobility through the Homestead Act.

This section will calculate the descendants each homestead family might have had, based on a few fundamental demographic assumptions. This was done through demographic estimations with three scenarios. The demographic estimations were made according to the calculations outlined in table 2.1. The numbers are given in five-year increments because many of the relevant demographic statistics are listed as such and because it makes calculating a twenty-five-year generation easier. Starting with a single homestead family (taken from the total patents in column four from table 2.1),[5] calculations are made assuming a twenty-five-year generation. The number of homesteads granted in each five-year period is multiplied by the total fertility rate during that time to calculate the total estimated number of children.[6] The number of children is multiplied by the fertility rate twenty-five years later and the proportion of women ever married in that cohort.[7] This provides an estimate of the number of children in the second generation. The children of the second generation are multiplied by the fertility rate fifty years later and the proportion of women ever married twenty-five years later to provide an estimate of the number of children in the third generation. The children of the third generation are multiplied by the fertility rate seventy-five years later and the proportion of women ever-married fifty years later to provide an estimate of the fourth generation (if acquisition of the homestead occurred early enough for this data to be possible).

The first two scenarios assume that any benefit from a homestead would pass along to all children. Table 2.2 presents the first scenario and projects the total possible descendants, providing a high estimate for the number of persons living today with a homesteader in their ancestry. The two youngest generations will be considered as today's adults. Thus, for the homestead family obtaining title to property in 1878, enough time has passed for four generations to be born. The baby boomer great-grandchildren born around 1953 and the 20-something great-great-grandchildren born around 1978 will be counted as surviving descendants. Similarly, for a homestead family acquiring title to public land later (in 1926), enough time has passed for only two generations. Their children, born around 1951, and grandchildren, born

Table 2.2 Projected Beneficiaries of the Homestead Act: High Estimate

Years	Homesteads Awarded in Period	Total Fertility Rate	Estimated No. of Children	Percent Married (Cohort)	Second Generation	Third Generation	Fourth Generation
1867–1870	10,778	4.555	49,094	0.922	177,799	533,277	1,253,105
1871–1875	53,737	4.558	244,933	0.927	823,749	2,323,892	6,846,754
1876–1880	97,722	4.312	421,377	0.927	1,336,690	3,284,537	10,614,744
1881–1885	95,158	4.268	406,134	0.936	1,325,934	2,769,463	9,644,290
1886–1890	115,264	4.018	463,131	0.939	1,442,931	2,976,086	9,176,338
1891–1895	116,178	3.928	456,347	0.942	1,368,735	3,216,281	7,458,786
1896–1900	110,593	3.628	401,231	0.941	1,131,921	3,334,916	6,035,114
1901–1905	144,121	3.422	493,182	0.948	1,211,855	3,916,390	N/A
1906–1910	130,430	3.488	454,940	0.952	950,227	3,309,041	N/A
1911–1915	189,553	3.318	628,937	0.962	1,297,200	3,999,732	N/A
1916–1920	195,401	3.184	622,157	0.971	1,461,956	3,390,382	N/A
1921–1925	119,949	2.998	359,607	0.973	1,059,490	1,917,333	N/A
1926–1930	39,439	2.592	102,226	0.974	330,367	N/A	N/A
1931–1935	20,501	2.194	44,979	0.976	156,634	N/A	N/A
1936–1940	19,533	2.144	41,879	0.969	129,127	N/A	N/A
Grand total	1,458,357		5,190,154		14,204,616	34,971,331	51,029,131

Sources: Homesteads awarded taken from table 2.1, column 4 of this paper. Total fertility rate statistics taken from Coale and Zelnik, 1963. Percent married statistics taken from Ryder, 1986.
Note: High estimate: 51,029,131 + 34,971,331 + 6,785,940 = 92,786,402.

around 1976, would be counted as surviving descendants. In this high estimate, the two youngest generations' descendants of homesteaders would range in age from 25 years to 80 years and number 93 million.

The second scenario is presented in table 2.3 and projects the potential number of descendants using the same calculations but provides a medium estimate. Rather than assuming the maximum possible number of children, the numbers are divided in half. This is done to be conservative and to allow for the very real possibility that the children of some homesteaders may have applied for their own homesteads or married someone with a homestead, thus duplicating numbers in downstream generations. In this medium estimate, the two youngest generations' descendants of homesteaders would range in age from 25 years to 80 years and number 46 million.

The last scenario makes a more stringent assumption to provide a low estimate. It is predicated upon the idea that only one inheritor (among multiple children) would maintain the homestead and retain a benefit that could be passed along to descendants. This can be seen as a shift from equal shares, with all future generations receiving comparable benefits, to a unigeniture system, meaning that in each generation one child receives the entire benefit, which can be passed along to only one descendant. The children born to a homestead household would probably live on the homestead at some point, so their children would be descendants of a homesteader, but only one child would control the property and be able to pass accrued benefits on to future generations.

Table 2.4 presents this third scenario. The fertility rates and proportion of cohort ever married remain the same, as they are based on observed demographic information, but this estimate is based upon the idea that only one inheritor would maintain the homestead and thus have an asset to pass on to his or her descendants. With this low estimate, the two youngest generations of homesteaders potentially living today would range in age from 25 years to 80 years and number 20 million.

These calculations of the number of homestead descendants living today are based on a reasonable demographic foundation. Taking the medium estimate of 46 million would mean that one-quarter of the current U.S. adult population (age 25 and older) potentially has ancestors who were homesteaders.[8] This would mean one-quarter of U.S. adults potentially have a legacy of property ownership and assets in their backgrounds that can be directly linked to national policy. Of course, some of these ancestors might have become property owners anyway, but a significant portion likely utilized the Homestead Act as a means of enhancing their upward economic mobility or of stabilizing their economic position. This single policy, passed in 1862, leaves an enduring legacy.

The Situation of Blacks

The Homestead Act was passed as the country was on the brink of civil war. Given its importance as a mechanism for acquiring property, a key

Table 2.3 Projected Beneficiaries of the Homestead Act: Medium Estimate

Years	Homesteads Awarded in Period	Total Fertility Rate	Estimated No. of Children	Percent Married (Cohort)	Second Generation	Third Generation	Fourth Generation
1867–1870	10,778	4.555	49,094	0.922	88,899	266,639	626,553
1871–1875	53,737	4.558	244,933	0.927	411,874	1,161,946	3,423,377
1876–1880	97,722	4.312	421,377	0.927	668,345	1,642,269	5,307,372
1881–1885	95,158	4.268	406,134	0.936	662,967	1,384,732	4,822,145
1886–1890	115,264	4.018	463,131	0.939	721,466	1,488,043	4,588,169
1891–1895	116,178	3.928	456,347	0.942	684,367	1,608,140	3,729,393
1896–1900	110,593	3.628	401,231	0.941	565,961	1,667,458	3,017,557
1901–1905	144,121	3.422	493,182	0.948	605,927	1,958,195	N/A
1906–1910	130,430	3.488	454,940	0.952	475,114	1,654,521	N/A
1911–1915	189,553	3.318	628,937	0.962	648,600	1,999,866	N/A
1916–1920	195,401	3.184	622,157	0.971	730,978	1,695,191	N/A
1921–1925	119,949	2.998	359,607	0.973	529,745	958,667	N/A
1926–1930	39,439	2.592	102,226	0.974	165,183	N/A	N/A
1931–1935	20,501	2.194	44,979	0.976	78,317	N/A	N/A
1936–1940	19,533	2.144	41,879	0.969	64,564	N/A	N/A
Grand total	1,458,357		5,190,154		7,102,308	17,485,665	25,514,566

Sources: Homesteads awarded taken from table 2.1, column 4 of this paper. Total fertility rate statistics taken from Coale and Zelnik, 1963. Percent married statistics taken from Ryder, 1986.
Note: Medium estimate: 25,514,566 + 17,485,665 + 3,392,970 = 46,393,201.

Table 2.4 Projected Beneficiaries of the Homestead Act: Low Estimate

Years	Homesteads Awarded in Period	Total Fertility Rate	Estimated No. of Children	Percent Married (Cohort)	Second Generation	Third Generation	Fourth Generation
1867–1870	10,778	4.555	49,094	0.922	177,799	117,075	75,962
1871–1875	53,737	4.558	244,933	0.927	823,749	509,849	446,646
1876–1880	97,722	4.312	421,377	0.927	1,336,690	761,720	776,017
1881–1885	95,158	4.268	406,134	0.936	1,325,934	648,890	692,139
1886–1890	115,264	4.018	463,131	0.939	1,442,931	740,688	733,023
1891–1895	116,178	3.928	456,347	0.942	1,368,735	818,809	633,101
1896–1900	110,593	3.628	401,231	0.941	1,131,921	919,216	589,654
1901–1905	144,121	3.422	493,182	0.948	1,211,855	1,144,474	N/A
1906–1910	130,430	3.488	454,940	0.952	950,227	948,693	N/A
1911–1915	189,553	3.318	628,937	0.962	1,297,200	1,205,465	N/A
1916–1920	195,401	3.184	622,157	0.971	1,461,956	1,064,819	N/A
1921–1925	119,949	2.998	359,607	0.973	1,059,490	639,537	N/A
1926–1930	39,439	2.592	102,226	0.974	330,367	N/A	N/A
1931–1935	20,501	2.194	44,979	0.976	156,634	N/A	N/A
1936–1940	19,533	2.144	41,879	0.969	129,127	N/A	N/A
Grand total	1,458,357		5,190,154		14,204,616	9,519,235	3,946,541

Sources: Homesteads awarded taken from table 2.1, column 4 of this paper. Total fertility rate statistics taken from Coale and Zelnik, 1963. Percent married statistics taken from Ryder, 1986.
Note: Low estimate = 3,946,541 + 9,519,235 + 6,785,940 = 20,251,716.

issue is how the legislation impacted the 4 million blacks who then lived as slaves. Blacks were ineligible for ownership of any public land prior to the Civil War because they were not considered citizens. After the Emancipation Proclamation and the end of the Civil War, the situation of black freedmen and women often depended upon local leadership and conditions.

As early as 1865, certain white Southerners put legal obstacles in place to prevent ex-slaves from acquiring property. Edward Magdol explains, "In the provisional state governments under President [Andrew] Johnson's protective leniency, planters not only prohibited black landownership but enacted extreme measures of social control that virtually restored slavery. The black codes struck directly at freedmen striving to escape their subordination and to obtain their communities. It was class and race legislation" (1977, 150). Claude Oubre (1978) acknowledges that the Freedmen's Bureau invalidated such black codes, but if no one enforced the directives, opposition to black ownership made acquiring any land difficult in some areas. Ironically, black men who served on the Union side during the war and even remained enlisted as Buffalo Soldiers to help protect settlers on the frontier from outlaws and Indian attacks were denied the opportunity to make land claims in some of the very communities they fought to defend (Cox, 1993).

Freed slaves, who were encouraged by words from President Lincoln and confiscation acts passed by Congress and fueled by a strong desire for land and schools, believed they would be given property along with freedom.[9] The myth of forty acres and a mule was never an official legislative promise, but there were moments of hope when it appeared that legal and political action would be taken to help recently freed slaves become economically independent from their former masters. Unfortunately, nothing permanent was created to help the former slaves acquire property or a better economic position.[10]

On June 21, 1866, Congress passed the Southern Homestead Act. Forty-six million acres of unsold public land in Alabama, Arkansas, Florida, Louisiana, and Mississippi were set aside for purchase as 80-acre plots, then later as 160-acre plots. The primary beneficiaries, at least in the first six months, were to be landless freedmen. This act was a rare, full-scale solution attempted to assist freed slaves. In addition, the land was to be for settlers, not sold to speculators or those with mining and timber interests. The desire for land among former slaves was strong, and they deluged local land officers with requests for homesteads (Lanza, 1990). This was true even though settlement would be difficult, given that most high-quality farmland had been claimed before the Civil War. What remained was primarily swamp land and pine trees that would have required much capital to improve (Gates, 1996; Magdol, 1977). Before much land had been distributed, the Southern Homestead Act, like most Reconstruction programs, was repealed in June of 1876. The "homestead only clause" was taken away, and the remaining land was opened for sale and preemption (Lanza, 1990).

Of the 67,600 homestead applications made under the Southern Homestead Act, only 27,800 at most received final patent, which equates to the transfer of 2.9 million acres, about 6 percent of the land originally offered. Estimates from a sample of homestead claims in Mississippi reveal that about 23 percent of claimants under the Southern Homestead Act were judged to be blacks. In that sample, 35 percent of black claims were successful, compared to 25 percent of white claims (Lanza, 1990). Using these percentages, 5,440 of the 27,800 final patents may have been awarded to black homesteaders. Citing Magdol (1977), only 4,000 blacks even made homestead entries under the act (160). Either way, the reality is that few homesteads were granted to black claimants.

During a period when many citizens were given public land by the government, blacks who wanted to be small farm owners had to pay for their land and struggle against obstacles that most of their white counterparts did not. This is especially unsettling, given that during the initial phase of the Homestead Act, from 1863 to 1880, most blacks had just been freed from slavery, faced active discrimination, and were not in a position to negotiate on equal terms. It was a missed opportunity for the post–Civil War United States that the Homestead Act was not used as a vehicle to encourage black self-sufficiency, to bring the freed slaves into the economy, using existing laws to establish them as productive farmers and ranchers. Many freedmen and women already had much more experience in farming and raising cattle than the urban homesteaders. Melvin Oliver and Thomas Shapiro (1995) argue that outcomes of the Homestead Act are just one of many examples of the racialization of state policy, economic detours to self-employment, and sedimentation of racial inequality that shapes the inequality of wealth between blacks and whites even today.

REFLECTIONS ON POLICY IMPLICATIONS AND LESSONS LEARNED

Although there was political disagreement and ongoing debate, the passage of the Homestead Act provided a voice and an opportunity for small landholders. Many other arrangements were possible at that time. Rather than becoming a nation of small farmers, the United States could have become a system largely comprising tenancy and sharecropping, which was the case in other developing economies of the time.[11] In light of possible alternatives, the Homestead Act was a progressive policy, broadening the base of asset ownership beyond the wealthy.

Although many people were unable to or chose not to take advantage of the Homestead Act, there were no real restrictions as to who could apply. There was no means-testing or provision for special populations. Unfortunately, early descriptions of the advantages of becoming a homesteader were closer to propaganda than factual accounts. Had those who publicized the advantages of homesteading established more realistic expectations, perhaps some of the fraud, abuses of the system, and unnecessary failures would have been prevented. But overall, becoming a homesteader was an opportunity available to practically anyone. Except for the racism that hampered nonwhite citizens, the Homestead Act was an inclusive policy.

The basic premise of the Homestead Act stayed constant over three-quarters of a century: Give land away in small parcels to persons who are willing to populate the western territories and develop the property. Although the overall goals remained consistent, there was flexibility to make minor changes based on local circumstances. In areas that were not as conducive to agriculture, concessions were made. Research made possible by the 1862 Morrill Land Grant Act and irrigation projects were financed to make unfamiliar terrains more productive. Raising cattle and increased acreage for grazing became acceptable land uses as well. However, even with such adjustments, the Homestead Act was a simple and enduring policy.

The nation's money and resources were invested to give people assets. Homesteads provided something of lasting value that potentially could change a person's economic status. Not only were crops produced and sold for money, but the land itself could increase in value as areas developed. The Homestead Act made it possible for a family of modest means to create a better life for the next generation. Nonetheless, it took ingenuity and hard work to survive on a homestead for five years. It was a participant-centered policy, requiring each homesteader to be an active contributor.

These lessons from the Homestead Act can help inform policy today. The Growing Wealth Working Group (GWWG)[12] advocates asset-building policy similar to that exemplified by the Homestead Act: progressive, inclusive, simple, enduring, and participant centered. This might entail several guidelines. Whenever possible, ways to assist the nonwealthy should be considered, and a voice should be provided to those who are currently asset-poor. Policies need to be created that are inclusive and not amenable to the stigmatization of visible groups; that is, policies must not target people by race, gender, religion, or nationality of origin. Policies must be pursued that are simple and enduring yet flexible enough to adapt to the unique circumstances of a person or locality. And participant-centered policies should be considered so that people can use their own ambition and creativity to create a future for themselves and their descendants. Taking these principles—embodied within the Homestead Act—into consideration, modern policy initiatives could provide positive opportunities for individuals and families, while contributing significantly to the economic development of the nation.

CONCLUSION

The Homestead Act was passed at a unique time in U.S. history. The populace was overwhelmingly rural, and the geography, politics, and racial dynamics familiar today were in the process of being formed. The nation

chose to give up some immediate revenues in order to invest in its people and its future. As a result, 1.5 million families were offered a valuable asset. However, the homestead legislation did more than simply transfer property from the government to private ownership. It hastened the development of the western frontier and made the United States an attractive place for investors and new immigrants. The Homestead Act remained in force during a period of tremendous economic, demographic, and political growth, lasting through the Industrial Revolution and the start of World War II. It is part of the ancestry of many Americans currently living in the twenty-first century—even though they may be unaware of the fact.

Perhaps a more comprehensive understanding of the enduring legacy of asset-building policies, such as the Homestead Act and the G.I. Bill, will lead to more openness toward similar ideas as the bases for current policy making. What asset-building policies can be created today that will lead U.S. citizens into a productive future for themselves and subsequent generations? What would be the result if the government were daring enough to create policy that provides hope and opportunity for persons who otherwise are not likely to be successful (the poor, the uneducated, foster children, single mothers, the unemployed, and many others)? Ideally, an innovative domestic policy that provides opportunities to develop assets and turns hopelessness into meaningful futures for individual citizens and families will not just be a part of past U.S. history, but also a part of this generation's reality and heritage.

NOTES

I have benefited from comments by economist Douglass North as well as advice regarding estimation methods by demographers David Coleman and Eugene Hammel. The idea for this study was conceived by Michael Sherraden, who also guided and advised on the project. The research for this chapter was funded by the Ford Foundation and supported by the Center for Social Development at Washington University in St. Louis.

1. Prior to European colonization, land was occupied by various Indian tribes both north and south of what has become the Mexican border. Although wars and dishonesty were often the means of acquisition, by 1853 all the property being considered was the legal possession of the U.S. government. One author (Gates, 1976) explains how promoters, frontier settlers, and fur traders pushed the government to enter treaties with Indians that today would be regarded "as unconscionable" (223–224). Even those agreements that had been made were often honored only when reservations "did not contain land desired by the whites" (Robbins, 1976, 233).

2. In his overview of land policy, Gates (1976) discusses two major divisions of opinion: how to dispose of the land and how quickly the land should be surveyed and opened for settlement. The first concern was whether to grant large estates to influential people and whether the benefits from the sales revenue should go to the state or territory wherein the land was sold or to the federal government to distribute among all the states. The second concern was whether quick sale at favorable rates in the new territories would draw populations away from existing eastern states, thus negatively impacting congressional representation, land values, and employment. The East and West typically had opposing opinions on these issues.

3. Before the Civil War, most states adopted this type of homestead exemption to provide security in a time of volatile market forces. A reasonable portion of property was exempt from seizure to pay debts, so that a household would be left with at least a place to live when facing destitution. For a good discussion of the legal, historical, and philosophical foundations for these laws, see Goodman, "The Emergence of Homestead Exemption in the United States" (1993).

4. Even after the Homestead Act was passed, there were other disseminations of the public domain outside of granting free land. Some land continued to be sold in larger plots and sold to private corporations (303,500,000 acres). Some land was granted to states for schools, public works, and other institutions (328,480,000 acres). The rest was granted to railroad corporations, veterans, or sold under special timber or desert laws (224,900,000 acres). (Data taken from the U.S. Department of the Interior [1998], *Public Land Statistics, 1961.*)

5. Column four from table 2.1 will be used as the relevant number of homestead families, representing the number of homestead patents granted to applicants who remained on the land for five years and "proved up." Although many others resided upon property applied for under the Homestead Act and may have benefited from the legislation, these calculations will only include those who fulfilled the requirements to attain full legal title to the land.

6. Data taken from the authoritative study on U.S. fertility by Coale and Zelnik (1963). Total fertility rate is a measure that summarizes the average number of children per woman that would be born to a hypothetical group of 1,000 who, as they pass through the reproductive ages, experience the birth rates observed in the population. The numbers represent births per white women in the United States over the given time period.

7. Data taken from an article by Ryder (1986) on cohort fertility in the United States. The statistic of proportion ever married by age 45 is based upon the census reports of women by age and marital status. Adjustments and corrections were made comparing between censuses. Thus, it provides a good estimate of how many of the homestead children born in the given five-year period ever married and were likely to bear children of their own.

8. The total U.S. population in 1998 was 270.3 million. The adult population (age 25 and over) was 175 million (U.S. Census Bureau, 1999).

9. Painter (1977) describes how thousands of freed slaves left the South in 1879, searching for land and assistance in Kansas. Some found jobs, and a few bought property or applied for homesteads, but most arrived poor and remained that way.

10. Cox (1958) does an excellent job discussing deliberations of the 38th Congress in 1865 on the Freedmen's Bureau bill, which would have taken abandoned and confiscated lands of the South for use in forty-acre allotments by freedmen or refugees to rent and eventually own. She demonstrates that there were persons interested in greater freedom, aid, and land ownership for former slaves, but the recommendations hinged upon an expected confiscation of large southern plantations, which never really took place.

11. Mosk (1951) compares historical institutional development in the United States (excluding southern states) and Latin America. He writes that the former developed a system of small landholdings, while the latter developed a landed aristocracy with tenancy or peonage systems. In his analysis, the wide distribution of

land ownership in the United States led to the development of a dominant middle-class, higher standards of living, attraction of more immigrants, and a less rigid social structure. Other scholars make similar points that U.S. land policies were consistent with economic growth (North, 1974) and increased "access to recognized avenues of mobility, opportunity, and success" (Hyman, 1986, 10).

12. The GWWG is a policy development "brain trust" convened by the Corporation for Enterprise Development (CFED) and the Center for Social Development (CSD). A more detailed description of principles for asset-building policy can be found in chapter 12 in this volume, written by Robert Friedman and Ray Boshara.

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