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THE PROBLEMS OF LAND UTILIZATION IN THE CUT-OVER REGIONS OF THE LAKE STATES

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WHILE this paper is confined to the problems of the cut-over areas of the Lake States of the United States, these problems are of more general application than the title suggests. Similar problems will tend to arise whenever there is a waiting period between one productive use for the land and another, or where lands are submarginal for private utilization. The so-called "Lake States" include Minnesota, Wisconsin, and Michigan. These states were at one time the source of much of the lumber supply of the country. In 1850 a little over 5 per cent of the nation's lumber supply came from these three states; this increased to over 33 per cent in the period, 1880 to 1890, and in 1900 over one-fourth of the supply came from this region. Today these states are importing wood products from the South and West.

Not all of these three states were originally forested. A large part of Minnesota was open prairie, and occasional prairies occurred in southern Wisconsin. Michigan was practically all a forest area. The early settlements in Wisconsin were made in the southern part on virgin forests and prairies. Here the trees were removed to create farms although there was some manufacturing of lumber and shingles. In the central part of the state commercial logging became more important and here settlement and logging by sawmills took place simultaneously, whereas in the upper 17 counties of the state the sawmill preceded the farmer and carried off its work in mass production style so fast that the plow could not follow the ax.¹ It was in this way that the vast areas of cut-over land were created. The National Lumber Manufacturers Association estimates that there are over 14,000,000 acres of such land in Minnesota, 13,000,000 in Wisconsin, and almost 12,000,000 acres in Michigan. The importance of these vast areas will be appreciated if put in terms of percentages. Twenty-six per cent of Minnesota's land area, 37 per cent of Wisconsin's land area and 31 per cent of the land area of Michigan, is occupied by cut-over lands.²

¹ F. G. Wilson, "The Farm Timberlot," Wis. Agr. Exp. Sta. Bulletin No. 407, pp. 7-9.

² Hearings before a Select Committee on Reforestation, U. S. Senate, S. Res. 398, Part I, pp. 36-37.

This area is increasing at the present time; land is still being cut faster than it is being cleared.

The point I wish to make is that the original resource has practically disappeared as a basis for productive use or for taxation. It is true that the land is restocking itself with second growth wherever fire is kept out, but in general the species coming in are inferior to the original stands of white pine, Norway pine and hardwoods. The expected utilization for agriculture has failed to materialize. At present less than one-fourth of the area of the 17 northern counties of Wisconsin is in farms and only 6 per cent is in harvested crops. Not one-tenth is today in saw timber, whereas over 65 per cent is so-called cut-over land.³ This cut-over land is really land awaiting a use; it is like the merchandise on the shelves of a store waiting for some purchaser who will put it to some productive use. Taxes have been paid on it for years because the owner fully expected to find a purchaser for it.

A few years ago it was believed that the North would become a great dairy empire. This dream failed to materialize for several reasons. In the first place, much of the land is submarginal for agriculture. In 1897, Filibert Roth gave as his opinion that not more than 20 per cent of the 27 northern counties of Wisconsin was good farm land, 40 per cent fair, and that the remaining 40 per cent should "by all means be left in forests." A detailed soil survey of Bayfield County revealed 40 per cent as the limit of agricultural utilization under present conditions.⁴ However, as the timber was removed in the North, the land fell into the hands of land selling agencies who proceeded to sell it, good and bad alike. The result was that settlers were placed on submarginal land, or on land so difficult to clear of stumps, brush, and stones that it has become a common saying that it takes three generations of settlers to subdue the land. Some German settler poet has said—

Der Erste Tod
Der Zweite Not
Der Dritte Brot

³ B. H. Hibbard et al, "Tax Delinquency in Northern Wisconsin," Wis. Agr. Exp. Sta. Bulletin 399, p. 6.

⁴ Filibert Roth, "Forestry Conditions of Northern Wisconsin," Wis. Geological and Natural History Survey Bulletin No. 1 (1898), p. 8.

"Land Economic Inventory of Northern Wisconsin—Bayfield Co." Wis. Dept. of Agriculture and Markets, Bulletin No. 100, p. 37.

Part of the failure of settlement is due to the fact that the settlers were marginal farmers. Too often they were city people lured by the prospects of farm life or they were drifters such as are found on all frontiers.

The second reason for the more recent failure of the settlement of the North is the farm depression. If it seriously affected the farmer on good land, it was disastrous to the man on the frontier, who, in the majority of cases, is a man with limited capital, most of which is sunk in land and fixed equipment. Such a man is in a poor position to weather the storm.

As a result of these two factors, there has been an exodus from the farms on the frontier. In Bayfield County over 4 per cent of the area of the county is in abandoned farms while in Lincoln County $5\frac{1}{2}$ per cent of the land area is in abandoned farms. In another county about one-fifth of the farms are abandoned, and so the story goes. In some cases the farms have reverted to the land company or they have reluctantly been taken over by the mortgage holder. These involuntary owners are trying to rent or sell these "partly improved farms," but the market is naturally slow in a region where 65 per cent of all the land is for sale. Tax delinquency is high on abandoned farms. From the standpoint of county finances this has meant a shrinking tax base (1) in the number and value of the farms, and (2), in the value of the remaining active farms.⁵

One other land use has developed in the North, and that is recreation. There are thousands of beautiful lakes and streams whose shores are sought for resorts, hotels and for summer homes. Such land is very valuable, being sold by lake frontage rather than by acres. From the standpoint of area it is not of great importance, being about $2\frac{1}{2}$ per cent in Bayfield County, 8 per cent in Oneida County, and somewhat more in Vilas County. But from the standpoint of value, and as a tax base, it is very important. In Oneida County it forms one-third of the entire tax base outside of the one city, and therefore one-third of the taxes are paid by resorts, summer homes, or by owners of land not yet developed for these purposes. There is very little delinquency on recreational land.

⁵ George S. Wehrwein, *Land Ownership, Utilization and Taxation in Bayfield County, Wisconsin*, *Journal of Land and Public Utility Economics*, May, 1930, pp. 161-162.

The land that is causing the most trouble in utilization and taxation is the land for sale. Since the hope of selling this land in large quantities has vanished, more and more of it is becoming delinquent; from 25 to 35 per cent was delinquent in Bayfield County in 1926, the year in which the study was made. Less and less of it is being redeemed by the owners or bought by private tax certificate buyers, since 1920. The owners of these lands are in a curious predicament. For years they have paid taxes which built the roads and schools and made local government possible; now they are "dropping the land for taxes" and the lands are becoming public property.⁶

However, the burden of carrying land until it should be wanted for farming would have existed even if all the land had been suited for agriculture and if settlement had gone forward instead of backward. At the best rate of development ever experienced in Bayfield County it would have taken 100 years to settle the whole county, or 40 years to settle only that portion considered suitable for farming. At the prevailing rate of settlement, 800 years would have passed before the upper peninsula of Michigan would have been in farms, and 100 years would have been required to bring even the best of the cut-over lands of Minnesota under the plow. Therefore, some of the lands would have had to wait 100 or more years before they were needed, and with the present trends, most of it will never be needed for farming.⁷

The first problem in the cut-over regions is, therefore, the shrinking tax base resulting from (1) the removal of timber and the loss of wood working industries which often means the loss of entire towns, (2) the shrinkage of the agricultural area through abandoned farms, (3) the shrinkage of farm values in general, and (4), the shrinkage of the tax paying area through tax delinquency with the consequent shifting of the burden on those land uses which can and do pay taxes, namely, the remaining timber lands, farms, and recreational land.

Although the tax base has become smaller, there is no marked tendency for governmental expenses to grow less. More and more is asked from our counties—nurses, mothers' pensions, school aid,

⁶ *Ibid.*, pp. 166-169.

⁷ W. B. Greeley et al, "Timber, Mine or Crop?" Yearbook U. S. Department of Agriculture, 1922, p. 87.

and so forth.⁸ In the North, part of the trouble is that towns, counties, roads, and schools, were projected upon the expectation of more farms and more people. Part of the blame rests upon certain laws which were designed to help the struggling settler. For instance the town was obliged to build a road to a settler who located at a distance from an established community. Land companies took advantage of this fact and purposely located their first settlers as far away as possible. After the road was built it was easier to sell the rest of the holdings at better prices. Likewise the town must either provide a school or transport children at public expense to an established school. The purpose of these laws was excellent and if rapid settlement followed, no harm was done. However, in a period when settlers are moving away from, instead of upon the land, we have abandoned roads and schools as well as abandoned farms. Scattered farms remain which make heavy demands upon the public treasury for roads and schools. It is interesting to note public sentiment in certain localities at the present time. They do not want new settlers at all if they are to mean added public expense. The last legislature has rescinded the compulsory feature of road building. In brief, governmental expenditures are not easy to reduce even though the tax base itself has shrunk.

The increasing area of submarginal or unused land is a burden in itself. Submarginal or unused capital goods can be scrapped and they disappear. When the truck and tractor superseded the horse as a source of power, some 6,000,000 power animals quietly dropped out of existence. When the same revolution in power, together with other factors, made millions of acres submarginal, the land, nevertheless, persists. One of the outstanding characteristics of land is its permanency. Unused land becomes a public burden. Roads have to be built across it even though these roads serve farmers only every ten miles. Submarginal and idle land has to be

⁸ A few items of county governmental costs will illustrate this. The following figures are for Oneida County, Wisconsin, for the years 1922 and 1928:

	1922	1928
General county costs	\$38,703	\$ 43,794
Protection of persons and property	12,002	14,550
Health, conservation and sanitation	3,699	4,967
Highways	56,390	192,483
Education	19,438	19,833
Charities and corrections	31,227	46,475

policed, and scattered settlements on good land must be provided with schools and other facilities at a high cost per person.

Land submarginal for private use, whether for farm or forests, inevitably becomes public property. Land yielding no economic rent cannot pay taxes or the other costs of land ownership. If these costs are paid, it is because the owner has some other income out of which to pay them. In the cut-over regions the taxes have been paid in the past with the hope that the costs would be met out of the selling price of the land. Since that hope is rather dim, the lands are becoming tax-delinquent and finally revert to the state in Michigan or to the county in Wisconsin. As public lands, they are no longer a part of the tax base and tend to become a liability instead of an asset as far as the county is concerned. This explains the reluctance on the part of Wisconsin counties to take title to the land and the constant urge to "get it back on the tax roll."

Land submarginal for private use may conceivably be marginal or above the margin for public use, such as forestry or recreation, but if it is absolutely waste land it will become public land and stay there. The question is as to whether the county or even the state is a large enough unit, financially, to carry the burden of large tracts of submarginal land.

Having briefly sketched the situation as it exists in the Lake States, especially in Wisconsin where I am most familiar with conditions, let me sum up the policies and movements under way in this state aimed at meeting the situation. Our problem is like that of the eastern states—a shifting of land uses on the margins—but there is also the problem of directing the future utilization of these large areas of cut-over lands which up to the present have had no productive use. Since the problem has so many political aspects and is in part due to past legislation, the remedy lies to a large extent in public action. We have reason to believe that the next legislature will do something toward relieving the tax burden and making changes in our tax laws which will readjust the relations between county, town, and state. As matters now stand the county stands between the town and the state and seems to get the short end of so many things. This, however, I cannot discuss in this brief paper.

The school equalization law has tended to help the schools on the frontier and has given them an equal chance with the more favored regions of our state. But it has also placed an additional

burden on the better developed industrial and agricultural counties of the state. This means that the land question is one of state-wide importance and not merely a local problem.

The last legislature has passed a law giving county boards the power to "regulate, restrict and determine the areas within which agriculture, forestry, and recreation may be conducted, the location of roads, schools. . . ."⁹ This law is in fact a zoning law and is aimed at preventing scattered settlements or even the settlement of lands not suitable for agriculture. Preliminary to such action a number of surveys have been made, several of them before this law was passed, largely for the purpose of getting the underlying facts.¹⁰ One of them was made pursuant to a resolution of the county board and had in mind the use of the material for zoning purposes, although the word itself is not used. A study was made of the soil, location of forests, of tax-delinquent land, active and abandoned farms, schools, roads, and county finances. Although the exact dividing line between farms and forestry cannot be laid down with any degree of exactness, nevertheless certain areas stand out as regions where agriculture is not likely to succeed. Here county officials are trying to discourage settlement, even though they cannot prevent a settler from going there. In a few cases, isolated settlers have been moved to farms near established communities at county expense, but the cases are still few and conspicuous because of their fewness. This summer four such surveys are in progress as well as an intensive survey of recreation as a land use in three counties.

Counties are urged to take title as fast as possible in the areas of high tax delinquency and some counties take title to all the lands they can. This gives them full control over the utilization of this land. In a few cases the counties have sold small tracts to neighboring farmers; in other cases, they are holding river and lake frontage as public land. The bulk of such holdings, however, is being "blocked up" for county forests. As such, they can be entered under the forest crop law and the state will pay 10 cents an acre to the local treasury (the town). Thereby the town is sure

⁹ Chapter 356, Laws of 1929. B. H. Hibbard, W. A. Hartman, W. N. Sparhawk, "Use and Taxation of Land in Lincoln County, Wisconsin."

¹⁰ Wis. Agr. Exp. Station Bulletin 406; Special Circular May, 1929, "Making the Most of Marinette County Land," "Land Economic Inventory" *op. cit.* Michigan has had a Land Economic Inventory for many years and Minnesota is beginning a similar piece of work.

of a definite amount of income for a period of years while the state and the county will share the proceeds when the timber is cut. There is only one difficulty in this arrangement—the costs of supervising, planting, and so forth, fall upon the county and the county is the weakest unit, financially, at this critical time. Nevertheless, the county forest movement is a most gratifying one. Federal foresters are now in the State selecting the million acres which are to go into federal forests. Eventually we shall have federal, state, county, school and perhaps town forests.

Private reforestation is being encouraged by our forest crop law. Under this law a private owner may enter tracts of at least 40 acres, paying 10 cents an acre taxes to the local treasury, the state paying an additional 10 cents. At the time of cutting the owner pays a severance tax of 10 per cent of the value of the stumpage to the state. The Conservation Commission is administering the law. Up to the present time about 300,000 acres have been listed under the law. Private and public reforestation, the development of recreational facilities, and a slight "back to the land" movement in some places, are helping to solve the land utilization problems of the Lake States. I say "back to the land movement" because there is evidence that new settlers have come in during the past year even though in other places they have moved out. What effect a continued industrial depression will have on this movement remains to be seen. The North is now committed to a balanced development of agriculture, forestry and recreation.