

The men who created this country owned much of it, too

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America was built in part on land investment and speculation. In 1796 as he was preparing to leave office, President George Washington wrote Sir John Sinclair a long letter about the characteristics and value of American land, which Sinclair was considering purchasing: "The rise in the value of landed property, in this country, has been progressive, ever since my attention has been turned to the subject -- now more than 40 years -- but for the last three or four (years) of that period, it has increased beyond all calculations -- owing in part to the attachment to, and the confidence which the people are beginning to place in, their form of Government -- and to the prosperity of the country from a variety of concurring causes, none more than to the late high prices of its produce."

Washington had been engaged in the purchase of land since he began using his wages as a teenage surveyor to buy 450 acres in 1750. Another 1,000-acre purchase soon followed. Washington did surveys for Lord Fairfax, the area's largest landholder. Decades later, another Virginia founder, John Marshall, struggled to get control of a portion of the enormous Fairfax estate. The burdens of Marshall's financial investment kept him out of government during Washington's administration. Former President Washington pushed Marshall to run for Congress in 1798 -- which led to appointment as secretary of state and then as chief justice by President John Adams.

General Washington meanwhile had bought land, inherited land and married into land. Most of his holdings in what is now West Virginia stemmed from his service in the French and Indian Wars -- and his purchase of land grants from other soldiers who served in those wars. The accumulation of land was habit-forming for Washington and many of his fellow Founders. Washington saw a once-in-lifetime opportunity in 1767 when he warned that investors who did not take advantage of the "present opportunity of hunting out good lands and in some measure marking and distinguishing them for his own will never regain it." Washington himself spent several weeks in 1770 surveying the 20,000 acres in lands he had been awarded for his wartime service.

At its peak, Washington's land holdings numbered several hundred thousand acres in places like North Carolina's Great Dismal Swamp. Washington expected immigrants to move over the Appalachian Mountains and populate his property there. "Let the poor, the needy and oppressed of the Earth, and those who want Land, resort to the fertile plains of our western country," wrote Washington, who became a strong proponent of improving navigation on the Potomac River in order to promote western development.

Americans like Washington and Benjamin Franklin focused on the purchase of land in the 1760s as they contemplated the riches to be gained by buying land on the frontier. Land speculation was a common preoccupation among the Founders. For some it became an affliction. "Hardly a prominent man of the period failed to secure large tracts of real estate, which could be had at absurdly low prices, and to hold the lands for the natural advance which increased population would bring," wrote historian Albert J. Beveridge.

Virginia Founder Henry Lee and Pennsylvania Founders Robert Morris and James Wilson ended up in jail because of their debts from property speculation. Wilson's jailing was particularly embarrassing because he was a sitting justice of the U.S. Supreme Court. Secretary of War Henry Knox avoided jail, but he resigned from Washington's cabinet to care for his and his wife's enormous land holdings in Maine -- which eventually spanned 1 million acres.

Washington's secretary of state, Thomas Jefferson, avoided jail but barely avoided disgrace for the financial problems which his land purchases (and other financial miscalculations) caused him. Jefferson would die insolvent.

The Revolutionary War interrupted western expansion, and Washington's land speculation never paid off. He began liquidating his holdings while president. In a letter to secretary Tobias Lear in 1794, Washington described financial reasons for selling off his western lands: "I Have another motive which makes me earnestly wish for an accomplishment of these things, it is indeed more powerful than all the rest, namely to liberate a certain species of property which I possess, very repugnantly to my own feelings." That "property" was Washington's slaves, whom he freed at his death.

Washington's successor as president, John Adams, was among the more conservative Founders when it came to land. Adams biographer James Grant wrote: "Adams, though he liked to collect land as much as he did books, refused to borrow the money with which to buy it, or to sell furniture for that purpose."

Wife Abigail Adams was even more conservative. When her husband wanted to buy a neighboring farm and put it up for rent, Abigail vigorously opposed this move. She argued that buying depreciated government bonds was a better investment. Abigail turned out to be right.

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