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THE DISSTON LAND PURCHASE *

By **T. FREDERICK DAVIS**

To understand the importance of the Disston land purchase to the development of Florida it is necessary to consider the conditions in the state antecedent and relative.

At the close of the Civil War President Andrew Johnson appointed Judge William Marvin of Key West provisional governor of Florida ; he was a conservative Union man, long-time resident of the state and had the confidence of the people. The governor issued a proclamation calling an election for delegates to a convention that would be empowered to organize a new state government in accordance with the President's Amnesty proclamation. Only those qualified to vote at the time the state withdrew from the Union were entitled to vote in this election. The election was held, and the delegates assembled at Tallahassee in October 1865. They adopted a constitution providing for a state election in that year, at which David S. Walker, a Southerner, was elected governor. Before vacating his office Governor Marvin issued an appeal to lay aside revengeful feelings and institute a just and reasonable policy in the reestablishment of civil government. He was opposed to granting suffrage to the freedmen at this time. Governor Walker upon inauguration expressed the same ideas and recommended the rejection of the Fourteenth Amendment as it would virtually disfranchise most of the intelligent people of the South. The legislature refused to ratify the amendment as it saw with unclouded vision, as did other Southern legislatures, the chaos that would result were the freedmen allowed to vote so soon after emancipation.

*Read at the annual meeting of the Florida Historical Society at St. Petersburg, January 25, 1938.

Dissatisfied with the logic of the Southern legislatures, a radical majority in Congress in 1866 passed over the President's veto an act providing for virtually a military dictatorship for the South, notwithstanding the President's assurance that the South was making good progress in establishing civil government. This was followed the next year by the so-called "reconstruction" act, likewise passed over the President's veto, which enfranchised the negro and in effect disfranchised nearly all Southern white men.

These acts opened the way for the domination of the South by adventurers that came down from the North in swarms, not with the intent to remain, but merely to feed on the substance of a prostrate and defenseless people. Combining with a few "scalawags", and some leading negroes to act as decoys for the rest, they controlled all elections or else prevented elections from being held. They assumed the function of all offices, including the courts of justice, and in some places even ran the churches. There was no show of truth or honor about any of it; they were here for spoils and nothing else. These were the "carpetbaggers" - they have no other name whereby they are known in the South or elsewhere.

The carpetbag regime in Florida lasted almost ten years. It was a bitter mockery to the Southern people, but they bore it wisely, if not patiently. At last public sentiment in the North became crystallized against the despoiling of the fairest part of the country, with the result that the links forged by Congress began to rust and fall away. The negro at last discovering that he was being defrauded, lost interest in politics. The carpetbagger saw the handwriting on the wall and made ready to pack up for departure. To the Southerners these were hopeful signs; they marshalled their forces to wrest Florida

from their enemies and succeeded in 1876 in electing George F. Drew, a Northern man by birth and a Democrat; and this was hailed as a return of home rule in Florida.¹

There was also another class of Northerners that came to Florida in this period. They were of the conservative and best element of the North. Some were invalids seeking health. Many came to investigate with a view of establishing themselves in private business and pursuits. A few were rich playboys with Florida estates as a hobby. Numbers of them remained permanently and were highly respected citizens. They were not in sympathy with the carpetbagger activities and stood side by side with the Southern people in electing Mr. Drew.

Governor Drew upon taking office in 1877 was confronted by a depleted treasury with the state overwhelmed by debt. Figuratively, he rolled up his sleeves and went to work, reorganizing, coordinating, checking the leaks and backwash of the former administrations, Assessments upon taxable property were revised, generally downward, and, paradoxically as it may appear from the viewpoint of today, taxes during his administration were reduced from twelve and one-half to seven mills. Confidence took hold again in Florida after a lapse of many years. Governor Drew and a cooperating legislature brought about a great improvement in the state's general financial condition. But a vital factor in its development remained strangled by an insurmountable debt ; this was the Internal Improvement Fund.

1. On conditions in Florida during the "reconstruction-carpet-bag" regime see: Samuel S. Cox, *Three Decades of Federal Legislation, 1855-1885*, (1886) particularly pp. 624-26 ; John Wallace (colored), *Carpetbag Rule in Florida, The Inside Workings of the Reconstruction of Civil Government after the Close of the War* (1885) ; William Watson Davis, *Civil War and Reconstruction in Florida* (1910).

*The Internal Improvement Fund*²

By an act of Congress in 1841 provision was made for granting 500,000 acres of public lands to each new state admitted into the Union, for the purpose of internal improvements. The grant was made to Florida upon its admission in 1845, without restrictions. This act was supplemented in 1850 by another granting to the State of Florida all of the swamp and overflowed lands in the state then unsold (not including lands submerged under navigable waters), the fee simple to vest in the State upon patents issued by the United States and subject to the disposal of the legislature, with the provision that the proceeds derived from the sale or appropriation of the lands be applied exclusively to the purposes of reclaiming them by means of levees and drains. The number of acres thus accredited to Florida was estimated to be about fifteen million.³

In 1855 the legislature of Florida passed an act vesting all of the unsold lands acquired by the State through the acts of Congress, together with the proceeds derived from the sale of these lands, in a fund to be known as the Internal Improvement Fund of the State of Florida. This Fund was a trust, represented by the governor and four other state officials and their successors in office. It was a separate department of administration responsible for its own obligations and none of its assets were to be diverted to purposes other than those of the Fund, such as internal improvements, drainage, reclamation and settlement of land. The state was prohibited by the constitution from going to the financial aid of the Fund, either directly or by the

2. See Historical Sketches by Judge James B. Whitfield in *Compiled General Laws of Florida*, (H. B.. Skillman, Atlanta, 1927) Vol. 5. pp. 4778-79.
3. From later surveys the actual acreage was found to be in excess of twenty million.

issue of bonds. In short, it was a state department without state jurisdiction.

During the administrations preceding that of Governor Drew the Fund became hopelessly involved with claims, amounting in 1877 to some \$960,000. These claims tied up the affairs of the Fund, being in fact a mortgage upon the lands controlled by the Fund, and about 1880 an application was actually presented to the United States court for the foreclosure and sale of its lands, or a sufficient amount thereof, to satisfy the indebtedness-then, with the accrued interest, amounting to \$1,000,000 in round numbers. As we have seen, the general state government could do nothing in relieving the situation.

Several associations of wealthy men outlined offers to the trustees of the Internal Improvement Fund, all of them contingent however. John H. Fry offered to purchase 6,000,000 acres paying therefor all of the liabilities of the Fund (about 161/2 cents an acre for the land), and a promise to build a canal or ship railway across the peninsula. This offer was finally allowed to die without agreement. Henry S. Sanford and associates proposed certain developments, mainly in the Ocklawaha river valley ; Mr. Sanford dropped out and the negotiations were carried on for a time by Alexander St. Clair-Abrams but without a successful conclusion.

The Disston Drainage Contract ⁴

Hamilton Disston and associates offered to reclaim by drainage an unspecified number of acres in the general vicinity of Lake Okeechobee, under certain conditions. He opened negotiations with the new trustees incident to the inauguration of Governor Bloxham in January 1881, and on the 31st

4. From the Minutes of the Board of Trustees of the Internal Improvement Fund of the State of Florida.

of that month an agreement was entered into between the trustees of the Fund and Mr. Disston and associates William H. Wright, Whitfield H. Drake and Albert B. Linderman all of Philadelphia, William C. Parsons of Arizona, and Ingham Coryell of Florida. A formal contract was drawn February 26, 1881, and approved by all parties on March 10th. Under the contract Disston and associates agreed at their own expense and charge "to drain and reclaim by draining all overflowed lands in the State of Florida practicable and lying south, of Township 23 [afterwards amended to read Township 24]⁵ and east of Peace Creek, belonging to the State of Florida or said Internal Improvement Fund, now subject to overflow by Lake Okeechobee, the Kissimmee river and its branches, and the lakes contiguous to said river whose waters now flow into, or can be made to flow into, said river or into Lake Okeechobee, or into the Caloosahatchie river, or Miami river, or other outlets, by cuts or canals. . . ."⁶ The contract carried no cash consideration, except \$5000 to be deposited as a binding bond. When 200,000 acres had been reclaimed and fit for cultivation the trustees were to deed to Disston and associates the alternate sections of land so reclaimed, and thereafter deeds were to be given as the work progressed.

On July 20, 1881, with the consent of the trustees of the I. I. Fund, Disston and associates incorporated as "The Atlantic and Gulf Coast Canal and Okeechobee Land Company", which assumed the contract without amendment. The corporation issued 600,000 shares of stock at \$10 a share.

During the winter of 1881-1882 two of the company's dredges were put to work in the vicinity of

5. The southern limit of T. 24 is about three miles north of Kissimmee.

6. The western limits of the district were afterwards changed to definite boundaries.

Lake Okeechobee, where nature's sounds were broken for the first time by the clank and clatter of steam-driven machinery, and the Seminoles of the Everglades sensed the sacrifice of their last retreat to the white man's advancing civilization.

*The Disston Land Purchase*⁷

What is known in history as the "Disston Land Purchase" was a separate and distinct transaction from the drainage contract and the two should not be confused.

The drainage contract carried no cash consideration beyond the \$5000 binder, consequently the debt against the I. I. Fund was not effected thereby. In connection with this debt Governor Bloxham personally visited Hamilton Disston in Philadelphia and there is evidence that this visit was designed for the purpose of seeking Mr. Disston's direct aid in behalf of the Fund. Upon his return to Florida Governor Bloxham announced that a tentative arrangement had been made with Mr. Disston whereby he had agreed to buy enough of the lands controlled by the I. I. Fund at twenty-five cents an acre to satisfy its indebtedness. The result of this was a formal contract dated June 1, 1881, between the trustees of the I. I. Fund and Mr. Disston for the sale of 4,000,000 acres at twenty-five cents an acre or \$1,000,000, which was the estimated total indebtedness of the Fund at that time. Mr. Disston was authorized to make his selections of land in bodies

7. Consult : *Minutes of the Board of Trustees of the Internal Improvement Fund of the State of Florida*, 1879 to 1883 (primary source) ; *Journal of the Senate (Florida)*, 1883 ; R. H. Rerick, *Memoirs of Florida*, (Edited by Francis P. Fleming) 1902; Caroline Mays Brevard, *A History of Florida*, (Edited by James Alexander Robertson), 1924; Tallahassee Floridian, September 5, 1882 (contains an excellent narrative account of the I. I. Fund and the Disston purchase; *The Disston Sale and The State Finances*, (pamphlet), speech by Gov. Bloxham, Aug. 26, 1884.

of 10,000 acres up to 3,500,000, the remainder to be selected in tracts of 640 acres if so desired. The contract specified only the class of lands patented to the State under the act of 1850, popularly called "swamp lands", of which some 12,500,000 acres remained unsold.

The terms of the contract required a down payment of \$200,000 and the balance at stated intervals, the whole to be paid on or before January 1, 1882. Upon the initial payment 250,000 acres were to be deeded at once to Mr. Disston. The first payment, \$200,000 was to be made in currency of the United States; thereafter any legal obligation of the Fund would be acceptable at par as cash.

Mr. Disston signed the contract June 14, 1881, and on or before September 1 he had paid \$500,000, all in currency except about \$15,000 in coupons. The money was immediately put to work in satisfying the most pressing claims against the Fund. In anticipation of this, and thereby the release of lands for railroad grants, ten or more companies were already making preparation for railroad construction in Florida. Among them, and probably the most extensive, were interests represented by E. J. Reed. Through preliminaries not now definitely known, Reed and Disston arranged an inter-agreement affecting the Disston purchase contract, which is interesting as indirect evidence that the Disston land purchase was not a speculation, but was originally designed to rid the I. I. Fund of its burden.

On December 17, 1881 Hamilton Disston and Edward J. Reed of the County of Kent, England, entered into an agreement with the consent of the trustees of the I. I. Fund whereby Sir Edward (as he was known in England) was to complete the payments due under the Disston purchase contract, that was, \$500,000 not later than July 1, 1882 the

trustees having extended the time limit for final payment. Under the arrangement the payments were to be made directly to the Fund, in sums satisfactory to the trustees, and when so made were to be credited to the Disston purchase contract; acceptance of bona fide obligations of the Fund at par as cash still prevailed. When full payment had been made to the Fund, Reed was to receive from Disston 2,000,000 acres or one-half of the Disston purchase, to be selected as follows: Disston to first select 1,500,000 of the 4,000,000 acres, then Reed to select his 2,000,000 from the remainder in bodies of 10,000 acres.

Sir Edward made payments at irregular intervals and had not completed them at the time limit, July 1, 1882; however, further extension was granted by the trustees of the I. I. Fund.

On December 26, 1882 E. J. Reed deposited in the Bank of Jacksonville to the credit of the Internal Improvement Fund \$33,730, which was the full balance due under the Disston purchase contract for 4,000,000 acres.⁸ At the same time Reed requested the trustees of the Fund to deed directly to William B. Barnett of Jacksonville 500,000 of the 2,000,000 acres acquired by him through his contract with Disston, which was approved by the trustees, but their *Minutes* do not show that it was actually done. Of Sir Edward's total payments, about two-thirds was currency and the remainder adjudicated indebtedness of the Fund.

Final deeds were executed by the trustees of the I. I. Fund to Hamilton Disston on February 3, 1883; followed February 6, 1883 by a covenant warranting "indefeasible estate in fee simple" in Hamilton Disston covering all the lands conveyed by virtue of the Disston purchase contract of June 1, 1881.

8. *Minutes of Board of Trustees I. I. Fund*, December 26, 1882.

Thus the agreement of Mr. Disston was carried out in full, which wiped out the financial burdens that had been pressing down and retarding the internal improvement and thereby the development of Florida as a whole. It is said that he lost \$100,000 as a result of his deal with Sir Edward, but how is not explained.

All through the *Minutes of the Trustees of the Internal Improvement Fund* runs a tone of appreciation of Hamilton Disston's benefaction and a fine spirit of cooperation with him in the unforeseen situations that arose in connection with the transaction.⁹

As soon as it became known that Hamilton Disston was taking a hand in restoring the I. I. Fund to its normal functions the effect was evident, so great was the confidence in his integrity and ability to carry out the undertaking. Railroads and other corporations that would be the beneficiaries through land grants by the Fund made their plans for immediate execution. Florida then embarked upon an era of railroad building and development not dreamed of before. But it was not a "boom" in the present sense of the term ; the development was substantial and due, having been held back by causes already explained.

Within four years from the time Mr. Disston's purposes became known, many millions of dollars from the North and from Europe were invested in Florida properties. Population increased rapidly. Taxable property doubled in value. More miles of railroad were built in proportion to population than

9. About 1882 efforts were made to form a new political party in Florida for the purpose of wresting the state government from the Democrats. Some of its propaganda was directed against the Disston purchase, none of which was founded in fact or reasonable deduction. It was simply political propaganda and nothing more.

in any other state of the Union. Large areas of swamp and overflowed lands were being drained and made ready for cultivation. Agriculture and fruit culture advanced hand in hand with the railroads as they opened up the wilderness, the citrus industry in the central portions of the peninsula in particular assuming much importance. Nor were these all ; every section of the state from Key West to Pensacola was benefited by the action of Mr. Disston.

Besides the first incorporation under the canal and drainage contract, Mr. Disston's holdings in Florida were represented by the Florida Land and Improvement Company and the Lake Butler Villa Company, with probably stock interest in some of the railroads. Through his land companies Florida continued to receive wide publicity throughout the United States and in Europe-a publicity that brought large numbers of settlers and untold thousands of visitors to the State, wherein was born the movement that grew through the years into the multitudes that make Florida their winter home today.

Hamilton Disston was the son of Henry Disston, one of the pioneers in the steel industry of Pennsylvania. He was associated with his father and brothers in the manufacture of the world-famous Disston saws. At one time he was personally interested in the development of mining properties in the far West. There, no doubt, he acquired the adventurous spirit that led him to Florida with the idea of reclaiming vast areas of waste land for the uses of civilization.

In the history of Florida's general development four names constitute the front rank-Yulee before the Civil war, and after the war Disston, Plant and Flagler in the order of their coming.