

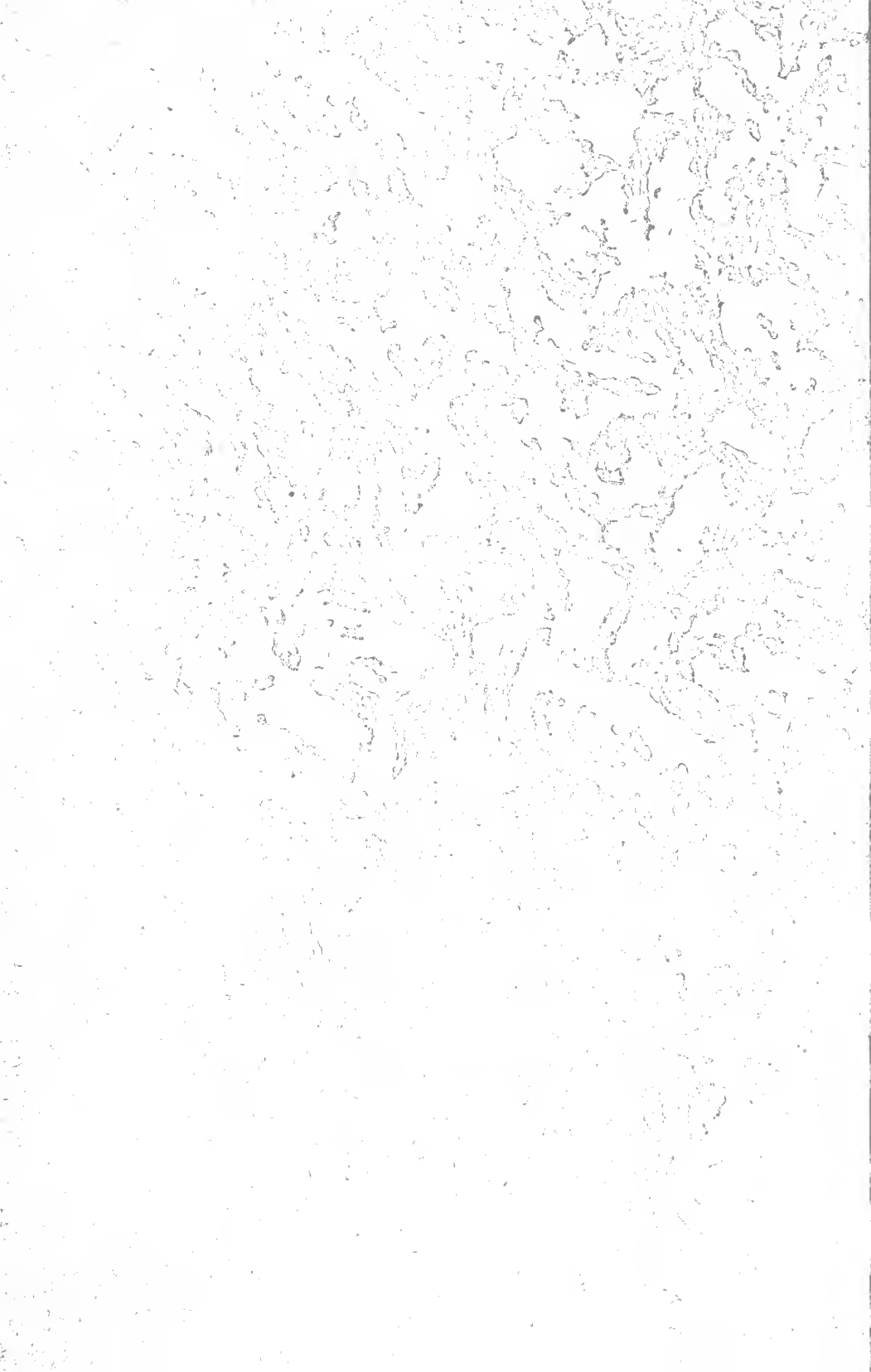
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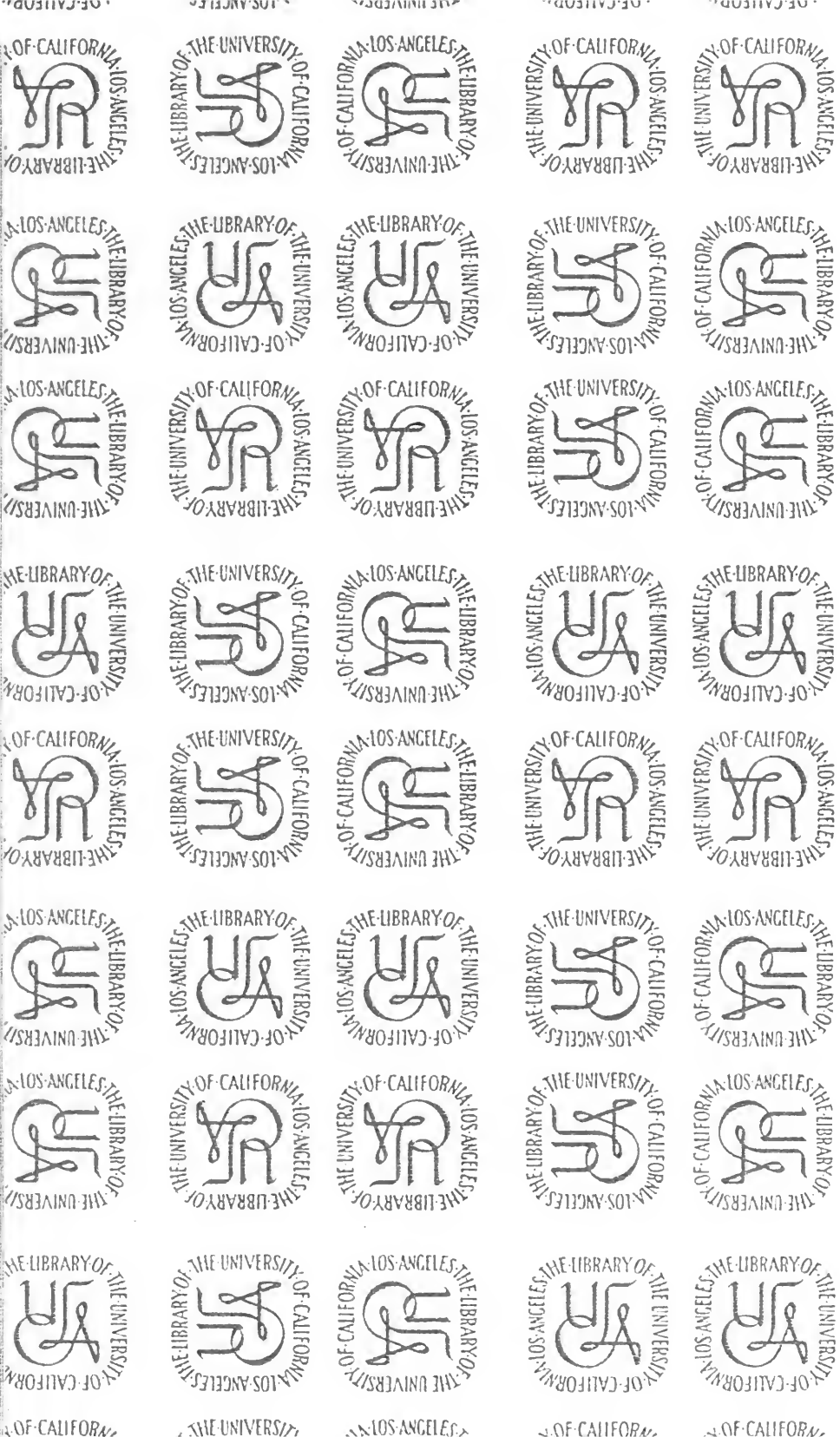


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A REPORT

ON

# Large Landholdings

IN

# Southern California

With Recommendations

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ISSUED BY THE

California Commission of Immigration and Housing



CALIFORNIA STATE PRINTING OFFICE  
SACRAMENTO  
1919

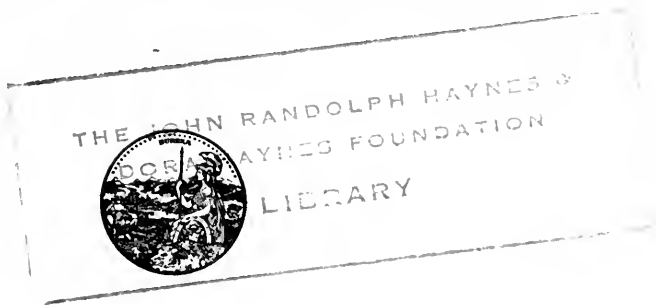


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PERSONNEL OF THE COMMISSION OF IMMIGRATION  
AND HOUSING OF CALIFORNIA

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The State Commission of Immigration and Housing, in its work of protecting and caring for the immigrant, has found itself constantly confronted by various phases of the land problem, and particularly by the difficulties attending the prospective settler of small means who tries to obtain a secure footing on the soil. In its second annual report, under the heading "The Land Situation," the Commission said:

Few will take issue with the contention that California should comfortably support many, many times her present population. On the other hand it must be conceded that there have been times during the past few years when it seemed as if California was unable to support even her present limited population. That this paradoxical state of affairs does exist is in itself conclusive evidence of a weak spot in our social structure.

The explanation seems to rest in the facts that on the one hand growth of population depends upon easy access to the land; whereas, on the other hand, the prospective purchaser finds land either obtainable only at excessive prices, or withheld altogether from the market by those who refuse to sell in the hope that the future will bring them a much higher price. To this increased value, these latter contribute nothing but mere abstinence. Land withheld from sale is practically nonexistent; thus the available supply is limited, and consequently prices on the land offered for sale are artificially and unnaturally forced up.

Idle and unimproved land seems to constitute one of the safest and most profitable investments. And, unfortunately for the unemployed, the investment in land does not need the assistance of labor or require the payment of wages, nor does it compel owners of wealth to bid against each other for labor. Wealth may thus be invested and large gains realized from it by merely waiting, without its owners paying out one dollar in wages or contributing in the slightest degree to the success of any wealth-producing enterprise, while every improvement in the arts and sciences and in social relations, as well as increase of population, adds to its value. By this means we foster unemployment, yet it is considered legitimate business to purchase land for the avowed purpose of preventing capital and labor from being employed upon it until enormous sums can be extracted for this privilege.

This deplorable situation was recently splendidly summarized as follows:

"California wants immigrants—with money enough, earned somewhere else, to buy our land of us, at a higher price than we paid for it.

"In other words, California wants customers. We are looking, not for people or development, but for mercantile profit in a commercial transaction. And we have the goods to sell, too; the mercantile bargain is a good one, on both sides.

"Is this too cynical a view? If you think so, just try the experiment of cross-examining anybody engaged in promoting immi-

gration, and see whether it is human beings he is looking for, or check books.

“It is a humiliating confession, and we shall not be really civilized so long as it remains true. What we really need is human beings, to work, to transform the latent resources of the state to active wealth, for their own good and ours. California is all right and the workers are all right. If, somehow, they can not be brought together, the fault is ours. We are not organized right; and we might as well confess it.”

In brief, the evidence seems to show that the men and women of California who are building up the state and creating its wealth are tolerating a system which encourages rather than prevents holding and speculating in idle land.

Those who have made particular study of the problems of unemployment and immigration realize that one of the most natural outlets, and one of the most logical, is in the direction of releasing to small owners the land now held in large parcels. A recent study of California's assessment rolls reveals the following striking examples of existing conditions:

In Siskiyou County the Central Pacific Railroad Company was assessed for 664,830 acres of land, being approximately 36 per cent of all land assessed in that county. In San Bernardino County the Southern Pacific Land Company was assessed for 642,246 acres. Kern County had, according to the California Blue Book, 2,793,605 acres with an assessed valuation. The assessment rolls showed that nearly one-half of that vast acreage was assessed to four concerns, namely, the Southern Pacific Land Company, the Kern County Land Company, R. F. Elliott (Trustee, Tejon Ranch), and Miller and Lux. The total California holdings of Miller and Lux approximate 700,000 acres. In Merced County alone 245,000 acres were assessed against this corporation.

There is no evidence to show that large land-holdings are confined wholly to California. Competent authorities have estimated that the total gifts to the public, *i. e.*, national land grants to railways, have aggregated more than 215,000,000 acres. There does seem to be ample evidence, however, that today the large land-holders find it to their advantage “to hold on” to the vast acreage of unimproved lands in their possession.

That it would be to the great advantage of our state to break up these large holdings, there can be no doubt. Just what are the best methods to this end, the commission is in some doubt. Therefore, an investigation of the land situation within this state is under way; and it is the hope of the commission that it may be able to offer some definite suggestions before many months have passed.

Possibly some legislation could be devised that would directly break up the large holdings. There are those who contend that a revision of our methods of taxation would serve that end. To transform the latent resources of the state, they say, we must shift the tax burden from improvements on land, such as houses, trees, etc., and from personal property, such as horses, cows, merchandise and other products of labor, to land values.

Those who look to taxation as the remedy point to the fact that the California assessment rolls show that our tax laws enable the owners of idle, unimproved land to escape with only a nominal, and in many instances a positively ridiculous, low tax. For example, 22,061 acres of Central Pacific lands in Yuba County paid an average tax of 6 cents per acre; 69,008 acres assessed to the same concern in Tehama County paid  $7\frac{1}{2}$  cents per acre; 16,000 acres owned by the Agoure interests in Ventura County paid an average of  $8\frac{1}{2}$  cents per acre; 13,732 acres assessed to the Southern Pacific Land Company in Tulare County paid an average of  $4\frac{1}{2}$  cents per acre.

So, though good citizens may question the advisability of adopting radical means to pry the land monopolists loose from their holdings, all must agree that the present method of taxation will not do it. However, whether the remedy is in taxation or in some other method, or in a combination of both, the commission is not yet prepared to say.

In furtherance of the views and purposes expressed above, the commission decided to undertake this study. Originally, it was intended to include a larger area than that herein covered; but difficulties and delays ultimately narrowed the field of inquiry to the eight counties south of the Tehachapi. No other study of the kind, so far as is known, has been made in the state. Some statistics of large holdings were gathered by the State Tax Commission and published in its report (1917), but the subject was merely incidental to the main inquiry of that commission, and the material was not developed into a comprehensive treatment of the distribution of land.

The statistics of landholdings given in this report have been compiled from the tax records of the various counties. Except in one instance (that of the Southern Pacific holdings in Los Angeles County, for which the 1918 figures are given) they are all for the year 1917. Only holdings in excess of 2,000 acres were regularly listed. The minimum might perhaps more pertinently have been placed at 1,000 acres, or even 700 acres—for these also are excessive holdings, and there are many of them. For instance, in Ventura County alone there are 78 holdings ranging from 700 to 2,000 acres. In choosing the 2,000-acre minimum the commission merely followed the precedent of the State Tax Commission.

The need, it may be said, of definite information on the subject is vital and pressing. Misinformation is general, and wholly unfounded statements are made, often without contradiction. As an instance, it may be noted that during the recent political campaign the statement was repeatedly made and widely published that twenty million fertile acres of land in the state are lying idle. As a matter of fact, there are not twenty million fertile acres of land in the whole of California. The Conservation Commission, which in 1912 published a report of its

survey of the state, gave the estimate of 21,936,325 acres of what it called "agricultural land" of which the irrigated portion was only 3,188,541 acres, and of which only 9,623,300 could, in its judgment, ever be irrigated. Though the term "agricultural land" is not clearly defined in that report, an analysis of the detailed figures shows that it was used in a manner broadly and even extravagantly inclusive. When one subtracts from this aggregate the areas underlaid with hardpan, the areas charged with alkali, the sinks and patches of "hog wallow" and the considerable areas for which there is an inadequate water supply, or no supply at all, one finds a conjectural total which can not possibly reach twenty million acres. What proportion of this total lies idle no man can say; and no guess made on the basis of any data now available is of much value.

The collecting and classifying of this information is, however, not an easy task. The contents of assessors' and tax collectors' books are not arranged for the gleaning of this particular sort of knowledge; while in the case of Los Angeles County the enormous number of entries presents at first sight an unexplorable jungle which might appall the most ardent investigator. Ownership, moreover, is in many ways disguised and can not always be ascertained from the records. Data on related matters, and from sources other than the tax records, is sometimes so meager and again so conflicting that upon certain points the investigator can express only conjecture instead of substantiated fact. Yet, it is believed that the findings here assembled may supply some much-needed information, and that the accompanying suggestions may aid in the application of a remedy for a gross and long-continued evil.

The findings of fact, or of reasonable approximation, are as follows:

1. That in the eight counties of southern California there are 279 holdings (reducible by allowing for duplications to about 255 holdings) each of more than 2,000 acres, comprising an aggregate of 4,893,915 acres.

2. That the Southern Pacific grant lands and "lieu lands" in five of these counties (there are none in the other three counties) aggregate 2,598,775 acres.

3. That of the total of nonrailroad and nonpublic rural lands in these counties, roughly approximated by the federal census figures of "lands in farms" (4,587,581 acres), 2,295,140 acres, or 50 per cent, are owned in about 250 holdings.

4. That apart from the railroad lands, there are at least 32 holdings each of more than 15,000 acres; that seven of these holdings exceed 50,000 acres each; that one of them is of 101,000 acres and another of 183,399 acres.

5. That of the 2,295,140 acres mentioned above, at least 666,886 acres, or 29 per cent, are now or potentially tillable.

6. That a considerable part of this tillable land lies idle, and that another considerable part of it is not devoted to its most beneficial use; that though there are many thousands of persons eager to get access to this land, much of it is not for sale under any circumstances, and that such portions as are for sale are held under prices usually beyond the productive value and on terms of payment which mean great hazard or ruin to the purchaser.

Some remedial suggestions follow. They include the extension on a large scale of the plan of the Land Settlement Board. But they lay the greatest emphasis on the need of making large landholdings unprofitable, and to this end the recommendation is made of a graduated land-value tax.

## PART I.

### A STATEMENT OF CONDITIONS.

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#### THE LAND AREA.

The land area of the eight counties of southern California, according to the Federal Census, is 28,919,680 acres, almost identical with that of the State of Pennsylvania.

Of this area the three national forests—the Santa Barbara (which also comprises some 240,000 acres in San Luis Obispo and Kern counties), the Angeles and the Cleveland—cover, according to the figures of the Forest Service for June 30, 1917, a total of 2,811,705 acres.

The area of the vacant public lands was, on July 1, 1917, according to the figures of the General Land Office, 11,035,795 acres.

The area of the vacant school lands was, at the same time, according to the report of the Surveyor General, 351,325 acres.

#### SOUTHERN PACIFIC HOLDINGS.

The grant lands and "lieu lands" held by the Southern Pacific Land Company and the Southern Pacific Railroad Company comprise 2,598,775 acres in the counties of Los Angeles, San Bernardino, Riverside, Imperial and San Diego. The railroad owns no grant lands in Ventura or Santa Barbara counties, and the small tract held in its name in Orange County is doubtless a part of a purchase. In Los Angeles County there is an uncomputed area of which the legal status is in dispute, and from which the Southern Pacific Land Company selects its "lieu lands" in compensation for mineral lands filed upon. This area lies parallel to the lines of the Southern Pacific railroad and between the twenty-mile and thirty-mile limits, north of the San

Gabriel Mountains. From this area some 26,000 acres were patented by the company in 1918. In the remainder of this uncomputed area may be as much as 50,000 acres.

No other railroad company owns grant lands within any of the eight southern counties, though the Atchison, Topeka and Santa Fe Railroad Company owns a purchased tract of 8,752 acres in San Diego County. The railroad lands lying along the line of the Atchison, Topeka and Santa Fe railway between Needles and San Bernardino were originally granted to the Atlantic and Pacific Railway Company, to whose rights the Southern Pacific Company succeeded, but though the railway was subsequently sold by the latter company, the ownership of the lands was retained.

The detailed figures of the Southern Pacific holdings are as follows:

County	Acres	Total acreage
San Bernardino—		
Patented .....	*971,624	
Unpatented .....	299,302	
		1,270,926
Riverside—		
Patented .....	†341,723	
Unpatented .....	349,228	
		690,951
Imperial—		
Southern Pacific Land Company .....	‡391,056	
Farm Lands Association .....	39,352	
		430,408
Los Angeles (patented) .....		137,463
San Diego (patented) .....		69,027
Total .....		2,598,775

\*Includes 46 holdings, aggregating 32,886 acres, sold under contract, but title to which is still retained.

†Includes 319 holdings, aggregating 68,849 acres, sold under contract, but title to which is still retained.

‡Includes 2,850 acres assessed to the Southern Pacific Railway Company, as distinguished from the Southern Pacific Land Company.

This company owns a tract of 325 acres in Orange County and 1,121 acres partly in Orange and in Riverside counties, the figures for which are included in the figures given above.

The lands of the Imperial Valley Farm Lands Association, a selling agency, are included in the figures for the company's holdings in Imperial County. This year (1918) these lands, which were for the three previous years assessed in the name of Clarence I. Whitesell, of Los Angeles, are again assessed to the Southern Pacific Land Company.

## LAND IN FARMS.

Land in farms, according to the Federal Census of 1910, comprises 4,587,581 acres. Townsites and rights of way make up the remainder of the total of 28,919,680 acres.

Only a fraction of this immense domain of nearly 29,000,000 acres is suited to agriculture proper. The 4,587,581 acres given in the Federal Census of 1910 as "land in farms" include large tracts on which, according to current opinion, cultivation will forever be impossible. The term, as employed in the census, comprises not only tillable land but land used for the "raising of animals, fowls and bees." It includes even more than this. How generously it was extended, in its census use, is illustrated by the fact that the figures for "land in farms" for Santa Barbara County actually exceed by nearly 10,000 acres the net nonpublic acreage of the county. In the main the term may be said to include, in its application to southern California, all land not in townsites, rights of way, national forests, the public domain and railroad and school grants. It probably even includes such of the railroad lands as have been bought but not fully paid for and such of the school lands as have been leased for agriculture or stock raising. It no doubt includes, in many cases, considerable areas of mineral and oil lands.

The figures on improved land are much more to the point. The total is here 1,862,771 acres, or 40 per cent of the area of "land in farms," and 6.4 per cent of the land area.

The subjoined table, compiled from the Federal Census for 1910, gives the total acreage, the acreage of "land in farms" and the acreage improved. Each of these counties has since increased its improved acreage. Imperial County has more than doubled the number of its acres in farms and the number of its acres improved. The figures follow:

County	Land area, acres	In farms, acres	Improved, acres
Santa Barbara .....	1,753,600	1,120,475	215,552
Ventura .....	1,201,920	550,199	213,868
Los Angeles .....	2,602,880	757,985	418,998
Orange .....	508,800	371,692	189,463
San Diego .....	2,701,440	834,426	234,045
Riverside .....	4,633,600	520,806	278,151
San Bernardino .....	12,900,480	208,396	136,625
Imperial .....	2,616,960	223,602	176,069
Totals.....	28,919,680	4,587,581	1,862,771

## AGRICULTURAL LAND.

The State Conservation Commission, in 1912, estimated for these eight counties a total of 6,070,325 acres of agricultural land. As only 745,486 acres, or 12 per cent, were at that time irrigated, and as only

1,949,600 acres, or 30 per cent, ever could, in the opinion of the commission, be irrigated, the total becomes questionable, unless based on the expectation of a vast extension of dry farming. But the geographical limits of dry farming are exceedingly circumscribed. Along the coastal plain, and within a narrow strip adjacent to the ocean, beans (especially limas) draw enough moisture from the fogs to develop bountiful crops, while in the mountain country the amount of rainfall is sufficient to develop moderate crops of barley and other grains. But neither on the interior plains, except in rare patches, nor on the so-called desert is dry farming a possibility. The total given thus seems greatly excessive. By no methods at present known can cultivation be extended to more than 70 per cent of these 6,070,325 acres. The figures follow:

Regions	Agricultural land, acres	Irrigated, acres	Ultimately irrigable, acres
Santa Barbara and Ventura.....	509,250	49,656	322,500
Los Angeles and San Gabriel River lands.....	441,986	167,454	381,500
Santa Ana River lands.....	876,671	213,407	279,000
San Diego County.....	363,668	19,880	87,100
Colorado Desert and River valleys.....	1,550,750	279,600	766,500
Mojave Desert .....	2,328,000	15,489	113,000
Totals.....	6,070,325	745,486	1,949,600

#### DISTRIBUTION OF LAND.

The land area of these eight counties is distributed with gross unfairness. There are, including the railroad lands, 279 holdings of more than 2,000 acres each, aggregating 4,893,915 acres. Fifty-seven of the holdings in these counties, each of more than 10,000 acres, aggregate 4,040,512 acres. Excluding the Southern Pacific lands (without allowing for duplications), there are 274 holdings in excess of 2,000 acres each, aggregating 2,295,140 acres.

These figures have to do with rural land. The distinction between urban and rural land is easily made in seven of the eight counties. But in Los Angeles County the county seat is a city with legal boundaries spreading far out beyond the actual urban sections. Great areas thinly populated lie within these boundaries. Beyond the boundaries are other areas regarded as potentially urban—as territory that sooner or later will be occupied largely or solely for residential purposes. Nearly all of this territory beyond the built-up urban sections (whether within or without the legal boundaries) to a distance of many miles in all directions from the center of the city, is mapped out and recorded in the form of “tracts.” These “tracts” are designated either by numbers or by fanciful titles and are subdivided (on paper) into residence lots,



or in some cases, into plots of an area of from 1 to 5 acres. Each lot or plot is separately recorded on both the assessor's and tax collector's books. Sometimes there will be as many as 800 of these separate parcels of land in a single "tract."

But a vast deal of this "tract" land, in spite of its division into small parcels, is neither urban nor suburban, but rural. It is sparsely occupied, and may be so for years. To omit it from consideration in a compilation of landholdings would be to leave out a good deal of the evidence of concentration in ownership. In several of these "tracts" not a single parcel has been sold; in many the proportion of sold to unsold parcels is not more than one-fifth or one-fourth. Under the general principle, therefore, that unpopulated or thinly populated areas remote from the center of the city are to be regarded as rural, in spite of their designations, much of this "tract" land has been included in these tables. Its assessed valuation is usually, though not always, considerably above that of merely agricultural land; but much of it, while waiting purchase and residential occupation, is now used for agriculture and may continue to be so used for many years.

The figures of large holdings in the eight counties are as follows:

Holdings in Excess of 2,000 Acres.

County	No.	Acres	Assessed valuation	
			Land	Improvements
Santa Barbara .....	84	736,706	\$6,681,205	\$575,200
Ventura .....	45	225,467	3,641,810	233,000
Los Angeles .....	62	512,169	37,812,080	975,150
Orange .....	7	199,272	4,908,075	307,325
San Diego .....	29	428,824	2,597,932	61,895
Riverside .....	31	967,145	3,177,056	322,530
San Bernardino .....	13	1,371,705	2,391,832	234,005
Imperial .....	8	452,627	2,378,608	36,080
Totals.....	279	4,893,915	\$33,588,605	\$2,745,275

Included in the above are the following:

Holdings in Excess of 10,000 Acres.

County	No.	Acres	Largest hold-ings, acres
Santa Barbara .....	18	494,448	58,773
Ventura .....	4	66,584	24,395
Los Angeles .....	9	324,941	137,463
Orange .....	4	184,459	101,000
San Diego .....	8	337,084	132,310
Riverside .....	9	872,431	690,951
San Bernardino .....	4	1,330,157	1,270,026
Imperial .....	1	430,408	391,056
Totals.....	57	4,040,512	2,806,874

**The Thirty-two Largest Holdings.**  
(Exclusive of Railroad Lands.)

Owner	County	Acres
Jerome O'Neil (Inc. James Flood).....	San Diego and Orange.....	183,399
James Irvine .....	Orange .....	101,000
Empire Land and Cattle Company.....	Riverside .....	86,076
Newhall Land and Farming Company.....	Los Angeles, Ventura and Santa Barbara.....	67,180
William G. Henshaw.....	San Diego .....	60,309
Santa Cruz Island Company.....	Santa Barbara .....	58,773
Vall and Vickers.....	Santa Barbara .....	51,609
Banning Brothers .....	Los Angeles .....	48,625
H. and W. Pierce.....	Santa Barbara .....	47,623
Jesus Maria Ranch Company.....	Santa Barbara .....	46,916
Dibblee Estate Company.....	Santa Barbara .....	45,633
Title Insurance Company.....	Orange and Los Angeles.....	39,611
Sisquoc Investment Company.....	Santa Barbara .....	38,759
Hollister Estate Company.....	Santa Barbara .....	30,733
Appleton, Land, Water and Power Co.....	San Bernardino .....	29,539
T. F. Broome et al.....	Ventura .....	24,395
Santa Monica Mountain Park Company.....	Los Angeles .....	21,970
E. L. Doheny.....	Ventura and Santa Barbara.....	21,890
L. F. Moulton.....	Orange .....	21,500
San Diego Land Corporation.....	San Diego .....	20,921
J. C. Cebrian.....	Santa Barbara .....	18,826
Hobson Brothers .....	Ventura .....	18,200
Martin Bloom & Company.....	San Diego .....	18,081
Orena Family .....	Santa Barbara .....	17,635
Chino Land and Water Company.....	San Bernardino .....	16,774
Rindge Corporation .....	Los Angeles .....	16,294
El Sobrante Land Company.....	Riverside .....	16,225
R. T. Buell.....	Santa Barbara .....	16,167
People's Trust and Savings Bank.....	Riverside .....	16,128
E. E. Hendricks Estate Company.....	Riverside .....	16,060
Palos Verdes Syndicate.....	Los Angeles .....	15,694
Jean Cazaurang .....	San Diego .....	15,284

**PROPORTION OF LARGE HOLDINGS TO TOTAL.**

It is important to compare the figures for "land in farms" with the figures for these large holdings. Since, however, the railroad grant lands (except the small portion which is sold under contract and the title to which is retained by the railroad company until the receipt of final payments) are not included in the census figures of "land in farms," they must, for this purpose, be excluded from the figures of the large holdings. Subtracting the 2,598,775 acres of railroad lands leaves a remainder of 2,295,140 acres in holdings of more than 2,000 acres each, out of a total of 4,587,581 acres of "land in farms," or 50 per cent. It will be seen from the subjoined table that in Santa Barbara County the percentage reaches 65.7. In Imperial County, on the other hand, the percentage is only 9.9. The great increase of acreage in farms in this county since 1910 and the tendency toward ever smaller farm units has greatly decreased even this low percentage. In this

respect, as in many others, Imperial County is unique among California counties. The figures follow:

County	Land in farms, acres	Holdings, 2,000 acres and more, acres	Per cent of total
Santa Barbara .....	1,120,475	736,706	65.7
Ventura .....	550,199	225,467	40.9
Los Angeles .....	757,985	374,706	49.4
Orange .....	371,692	199,272	53.6
San Diego .....	834,426	359,797	43.1
Riverside .....	520,806	276,194	53.0
San Bernardino .....	208,396	100,779	48.3
Imperial .....	223,602	22,210	9.9
Totals.....	4,587,581	2,295,140	50.0

#### EXTENT OF CONCENTRATION OF OWNERSHIP.

The usage of the census term "land in farms" has already been explained. The figures here given show that 274 individuals, firms or corporations own more than half of all the nonpublic rural land (excluding the Southern Pacific lands) in the eight counties studied. The net figures are even less than this, since in a number of cases the name of a large landholder in one county appears on the records also of another county. Other duplications occur, as in the case where a man owns land in his own name in one county, and in another county in the name of a company. It may thus be said that title to one-half of the nonrailroad and nonpublic rural land of the eight counties is vested in not more than 250 owners. If the family, rather than the individual, is to be considered the economic unit, then a further degree of concentration of ownership might be shown. A few cases have been listed of a closely related family whose ownership is in great part jointly held, as a single owner. But there are a number of other cases wherein the records reveal large independent holdings in the names of various members of a family. A study of family relationships among landowners and a computation of ownership by family units would bear interesting results. In all the counties there are numbers of tracts of from 600 to 2,000 acres. A family-unit computation would show greater concentration by, on the one hand, reducing the number of owners according to the schedules employed, and on the other hand, by combining many of these lesser tracts and thus leaving even a smaller proportion of the total area owned in small individual holdings.

#### CHARACTER OF THE LARGE HOLDINGS.

Outside of Imperial County, which has been settled only since 1900, the large holdings are, in the main, an inheritance from Spanish-Mexican times. Though many of the enormous land grants have been

divided or reduced in size, there are few that have been broken up into small holdings. In some cases they remain virtually intact; in some cases two or more have been joined into one immense holding; in most cases the major part of each of these grants is today a large holding in the possession of an individual, a family or a corporation.

The San Diego portion of the great Santa Margarita ranch is today, with the exception of about one thousand acres taken for thoroughfares, of the same area as it was in Mexican days. This ranch—generally supposed to contain 260,000 acres—has 132,310 acres in San Diego County and 51,089 acres in Orange County, a total of 183,399 acres. The Orange County portion was reduced by 10,870 acres, years ago, when the remainder passed from the Pico family to the father of Jerome O'Neil, one of the present owners, but it has suffered no subsequent reduction. The 10,870 acres also remain a single holding. The Irvine ranch, of 101,000 acres, in Orange County, was formed, through the consolidation of several Spanish-Mexican grants, into one holding by the father of the present owner. In its consolidated form it contained 108,000 acres. Some years ago a tract of 7,000 acres was cut off and sold, but since that time the boundaries have not been altered. The famous Malibu ranch, which is owned by the Rindge family and which lies along the seashore north and west of Santa Monica, in Los Angeles County, comprises the original 13,316 acres of a Spanish-Mexican grant, with 2,978 acres that have been added by the present owners.

These are but a few of the more conspicuous examples of large areas held virtually intact from Mexican days to the present time. In other cases boundaries have been shifted, a large holding has been broken into two or three holdings, a tract has been cut off from one holding and added to another. But, as said before, the dominant form of the large holding is the tract which has held the greater part of its boundaries undisturbed from Mexican times.

Nevertheless, there has been enough "loose land"—fragments broken off from the original estates and lesser independent areas—to furnish not only most of the small holdings but also new consolidations into large holdings. In modern times there has been both concentration and division, each on a considerable scale. Imperial County, that section unique among California counties, shows but seven consolidations into areas of more than 2,000 acres each, the largest of these being only 5,917 acres, while on the other hand the average size of the farm holding has steadily diminished. But in the other counties, though near the cities the demand for homes and small holdings has resulted in the breaking up, partial or entire, of a number of old estates, great wealth has contrived to "lay field to field" in the making of new consolidations of extensive areas. To the fact of the persistence of many of the old estates must be added the fact of the creation of many new ones,

Santa Barbara County shows the greatest degree of persistence of the old estates; Los Angeles County the greatest degree both of dismemberment and of reconsolidation.

From the social standpoint—the standpoint of the motive of the owners for possession, of the beneficial use of the land and of the conduct of activities on or regarding the land—these large holdings show a wide range of character. Some tracts, of which the holding of the Orena family in Santa Barbara County is perhaps typical—are the ancestral inheritance of the old California families. On the assessor's books against each of the family heads is assessed "the undivided one-fifth" or "the undivided one-eighth" of many parcels of land which together make a great area. Some of the land is cultivated, but not to the best advantage, and the estate is held together through family sentiment. Another extensive holding, like that of the Rindge family, in Los Angeles County, represents an American succession to a Spanish-Mexican ownership and the establishment of a manorial estate. This instance is, however, extreme; it is the instance of a little principality, defiant of the law and of public sentiment, determined to live its independent life regardless of the demands and the interests of a society with which it is in perpetual discord. Its conflict with the outside world is an ever-recurring issue in the courts. It holds to its land, of which it makes small use, merely through an obstinate pride of possession.

There is the highly centralized company which carries on farming operations by modern methods. Sometimes it is overcapitalized and oversystematized, and its operations are carried on at a loss, as was the case of the Timken Ranch Company, of Imperial County, whose absentee owner, a wealthy manufacturer, has finally decided to partition his holdings. In other cases, as in the instance of the T. B. Bishop Company, of Santa Barbara County, it is conducted under practical and efficient methods at a profit.

There is the tract given up almost wholly to stock raising, as in the case of the Mendenhall Cattle Company, of San Diego County; the tract offered for partition and sale, but in the meantime carried on as a farming enterprise, as in the case of the Patterson Ranch Company, of Ventura County; the tract bought solely for subdivision and sale, without development other than of water resources, as in the cases of numerous holdings in San Bernardino, Riverside and Los Angeles counties; and the tract developed by the planting of fruit or nut trees and thereupon offered for sale in small parcels, as in Orange and Riverside counties. There is the case of the large tract, of which the Irvine ranch, in Orange County, is the most conspicuous, on which only minor farming operations are carried on by the owner, the greater part of the

agricultural land being leased out under rigid restrictions to tenants. Finally, there is the cumulative holding—that of the banks, the trust companies and the land speculators—made up of many scattered tracts.

#### TILLABLE SOIL IN THE LARGE HOLDINGS.

It is essential to obtain some approximation of the proportion of tillable soil in the large holdings. Obviously, if these holdings contain little more than grazing or waste land or land which can not be dry farmed and which is without an actual or potential water supply, they are unsuited to partition into small holdings. But the attempt to arrive at even approximations of the amount of tillable soil is met by many difficulties. These holdings include every kind of soil—the best and the worst and every intermediate grade—and opinions as to the character and utility of the various areas differ absurdly. The State Tax Commission, in its report, published in 1917, recommended a thorough study by experts of the agricultural lands of the state and a classification of their character and suitability for various crops. The value of such a study is evident enough; but there is small likelihood of its being undertaken in the near future. In the meantime guesswork must take the place of science and for lack of a definite determination fix upon some sort of estimate.

The term “tillable” is itself variously understood. It is obvious that land, no matter how “agricultural” in composition, is not tillable unless it can be supplied with water or unless it lies in such favorable location that it can be dry-farmed. But the quantity of water needed is a matter of endless dispute; and what one finds ample another finds inadequate. General farming methods, moreover, are a determining factor. A proper alternation of crop and fallow, a proper apportionment of tillage to grazing, work wonders on one tract while an adjoining one lies idle and profitless. Individual faculty also enters into the determination. In Ventura and Santa Barbara counties hillsides and river washes appear untillable to an American but tillable to a Portuguese. Finally, the potential water supply itself, even if means were at hand for its development, is often a matter of conjecture; and unless this factor can be given in set terms a judgment as to the ultimate usefulness of a certain area can be no more than a haphazard guess.

For the tillable proportion of each section of each of these counties the Commission has sought to get the trained judgment of practical men. In the expert estimate made for the Commission, tract by tract, of the large holdings in Ventura County, the total acreage of tillable land reaches only 33,400 acres out of 225,467 acres, or 14.8 per cent. The estimates were made on a much narrower understanding of the

term than that employed by the Conservation Commission. In one of these tracts, which for several years has been advertised as excellent farming land for sale in parcels of any size, and which carries an average assessment of \$70 an acre (equivalent, according to the State Tax Commission's rating, to a market value of \$168 an acre), the proportion of tillable soil is given as less than one-third of the total. Even on a tract which is operated, supposedly at a profit, as a lemon grove, and which carries an average assessment of \$95 an acre (equivalent to a market value of \$228 an acre), the proportion given of tillable land is only 70 per cent. These figures make a proportion extremely low.

For various reasons it seems necessary to give a slightly lower proportion of tillable land to the Santa Barbara holdings than to those of Ventura; and if 14.8 per cent is to be taken as Ventura's proportion, that of Santa Barbara can hardly be more than 12 per cent.

The large holdings of Orange County include not less than 65,000 acres of tillable land, out of 199,272 acres, or 32.6 per cent.

In Los Angeles County south of the Sierra Madre Mountains, except for the Hollywood and Santa Monica mountains and the Palos Verdes Hills, virtually all the land is tillable and most of it exceedingly fertile. There are some extensive river washes (particularly those of the San Gabriel and the Tujunga) which reduce this tillable area, but they are inconsiderable in comparison with the total. Their extent, moreover, may be somewhat diminished by the efforts toward flood control, now under way. There is an extreme variation in the assessed valuation of these lands, but it is predominantly due to their nearness or remoteness from the urban centers. The disparities due to differences in the character of the land (other than in the exceptions noted) are minor. Portions of these lands, located within the area of prospective development of Los Angeles, are assessed at a figure which represents a presumed market value of \$2,500 an acre, while other lands quite as good for agriculture, but remoter from the city, are assessed on a presumed market value of less than \$300 an acre.

The question of the agricultural value of the lands north of the Sierra Madre Mountains (mainly Antelope Valley) is a controverted one. Some years ago the most extravagant predictions were made regarding the future of this region, and thousands of settlers were induced to buy lands. Prices rose to bonanza figures, and fortunes were made by speculators. The general results of settlement, however, have been disheartening; and unless the water supply can be greatly increased the rate of development must be slow.

There are 48,162 acres of land on Santa Catalina Island assessed to the Santa Catalina Island Company (Banning Brothers). Part of this land is used for grazing, and part is mere waste. It is unlikely that more than 1,500 acres of it are tillable.

In all these large holdings it seems likely that some 266,000 acres may be regarded as tillable, of which 50,000 belong to the Southern Pacific Company.

In San Bernardino County the large holdings comprise an enormous area of railroad land, most of which is worthless for any purpose. But the greater part of the 22,886 acres sold under contract to settlers and others may fairly be regarded as tillable; and assuredly the 2,517 acres offered for sale at from \$22.50 to \$100 per acre may be so regarded. Of the 12 large holdings of nonrailroad land 60 per cent is estimated to be tillable.

Riverside County has also an enormous area of railroad land, much of which is irreclaimable desert. But the 17,830 acres offered for sale at prices of \$22.50 and better, and perhaps 70 per cent of the 68,849 acres sold under contract to settlers and others may be included in the tillable class. The other large holdings in the county include much grazing and waste land, but also large areas of the richest citrus and general farming land. Many of these tracts run 100 per cent tillable. The total for the nonrailroad lands can not be less than 40 per cent.

No part of the 69,027 acres of Southern Pacific land in San Diego County is included in that company's price list. This land is assessed at an average valuation of \$1.50 an acre. The extension of irrigation from the Colorado River will probably render 12,000 acres tillable. The Atchison, Topeka and Santa Fe holdings of 8,752 acres are not grant lands but an old Spanish-Mexican ranch which is operated as a farming enterprise. Of the 359,797 acres in the 28 holdings apart from the Southern Pacific lands, it is probable that 20 per cent is tillable. But estimates are here more than elsewhere unreliable by reason of the conflict of opinion regarding the potential water supply. There is good rainfall in the mountains, but the soil drinks up much of it, and the run-off is comparatively light. Even this run-off has not been properly conserved, and the county is far behind other counties in the development of its water resources. Estimates of the amount of tillable land therefore differ not only by reason of the variance of opinion regarding soils but by reason also of the variance of opinion regarding the potential supply of water. An estimate of 20 per cent for the tillable lands in these holdings anticipates a considerable increase of the available water supply.

In Imperial County the 22,219 acres in the large holdings of non-railroad lands are all tillable. Of the Southern Pacific holdings all of the 39,352 acres in the control of the Imperial Valley Farm Lands Association are tillable. So, also, are 2,272 acres offered for sale by the company at from \$50 to \$90 an acre. Through the new project of an all-American canal a great area along the railroad from Niland to



Salton and around the western extremity of the Salton Sea will be added to the tillable class, and it is probable that 30,000 acres of railroad lands in this section will be benefited. The remainder of the railroad lands, thousands of acres of which are assessed at \$25 a square mile, or 3.9 cents an acre, are outside the pale of agriculture.

Arranged in tabular form, the figures follow. It is to be said of them, first, that they are suggestive rather than strictly informative, and, second, that they are "conservative." It is probable that they represent a norm between such estimates as might be made by one who believes in the certainty of a vast extension of horticulture and agriculture in southern California and one who believes that the margin of cultivation has already nearly reached the limits of the water supply.

County	Total in large holdings, acres	Tillable in large holdings, acres	Tillable, per cent
Santa Barbara .....	736,706	88,404	12.0
Ventura .....	225,467	33,400	14.8
Los Angeles—			
Southern Pacific lands.....	137,463	50,000	36.4
Other holdings .....	374,706	216,826	58.0
Orange .....	119,272	65,000	32.6
San Diego—			
Southern Pacific lands.....	69,027	12,000	17.3
Other holdings .....	359,797	71,960	20.0
San Bernardino—			
Southern Pacific lands.....	1,270,926	22,500	1.8
Other holdings .....	100,799	58,599	58.1
Riverside—			
Southern Pacific lands.....	690,951	69,100	10.0
Other holdings .....	276,194	110,478	40.0
Imperial—			
Southern Pacific lands.....	430,408	71,624	16.6
Other holdings .....	22,219	22,219	100.0
Totals.....	4,893,915	892,110	18.2
Exclusive of Southern Pacific lands.....	2,295,140	666,886	29.0

#### PRICES AND VALUES OF LAND.

The feeling is general that all California land is priced far above its productive value. Both the climate of California and the optimism, or whatever it may be called, of its land speculators are capitalized and form a large element of the price. Figures collected by the Commission of Land Colonization and Rural Credits and published in its report (1916) show that the average price paid by settlers in the various colony schemes promoted throughout the state was, according to settlers' statements, \$190.72, and, according to commercial bodies' statements, \$260.97 per acre. Though there is no possibility of harmonizing figures so greatly at variance, it is enough to show that the minimum given is the exceedingly high price of \$190.72. The Department of Agriculture's figures for the average price of unimproved farm land in California for the year 1916 were \$110, as against \$74.95 for the north

central section east of the Mississippi, \$59.68 for the north central section west of the Mississippi and \$58.40 for the far western section. For improved land the California average (\$180) was 80 per cent above that of the section showing the next highest price.

The approximation of price to productive value is closest in Imperial County, where the climate (particularly that of summer) is assuredly not susceptible to capitalization. This approximation is most remote in the vicinity of Los Angeles, where climate, optimism and proximity to a populous center are all capitalized and fused into the price. In Ventura County the recent enormous rise in the market price of lima beans might have been expected to lessen the gap between the price and the productive value of the land; but with each leap in the price of beans the price of land has taken a corresponding advance. One may hear on good authority, in that county, of an owner refusing \$1,000 an acre for the best bean land. In San Diego County it is a common saying that no farmer can possibly pay 5 per cent interest on deferred payments on the market price of local farm land and make a living. In every southern county the seeker of farm land is confronted with prices which he knows, if he pays them, involve grave risk to himself in the attempt to get commensurate results from the soil. When he pays these prices he does so because for other than strictly economic reasons he has fixed upon some particular locality for his home and he is willing to take the gambler's chance with a dubious investment.

#### PRICES OF SOUTHERN PACIFIC LANDS.

The considerable body of land owned by the Southern Pacific Land Company may be treated first. Most of this is anything but agricultural land. Great areas of it are not even grazing land. But in the Imperial Valley, about Calipatria; in the Coachella Valley, in the neighborhood of Indio, Thermal, Coachella and Mecca; in the San Jacinto region; in the region of San Bernardino, and in the Antelope Valley, about Palmdale and Lancaster, are tracts of fertile land with either an available or a potential water supply.

The area of these lands, with their assessed valuation, both in the aggregate and by acre, is shown in the following table. With two exceptions, one in Imperial County and one in Los Angeles County, carrying the trifling valuation of \$200 each, these lands are wholly without improvements:

County	Acres	Assessed valuation	
		Total	Per acre
San Bernardino—			
Patented .....	971,624	\$837,901	\$0 86
Unpatented .....	299,302	94,200	32
Totals.....	1,270,926	\$932,101	\$0 73
Riverside—			
Patented .....	341,723	\$580,392	\$1 72
Unpatented .....	349,228	54,880	16
Totals.....	690,951	\$644,272	\$0 93
Imperial—			
Land Company .....	391,056	\$561,813	\$1 41
Farm Lands Association.....	39,352	1,133,210	28 79
Totals.....	430,408	\$1,695,023	\$3 94
Los Angeles—			
Patented .....	137,463	\$967,680	\$7 04
San Diego—			
Patented .....	69,027	\$103,630	\$1 50
Grand total.....	2,598,775	\$3,342,706	\$1 29

The land company prints a price list of certain of its lands, and a copy is sent to each assessor in counties wherein the company owns land. The total area thus listed for sale is only 305,116 acres, or about one-eighth of the company's entire holdings in these counties. The lands not listed for sale are presumably of little or no market value at this time. From this price-list has been computed the following classification of areas and prices:

Rate	Los Angeles, acres	Riverside, acres	San Bernar- dino, acres	Imperial, acres	Total acres
\$1.50 to \$5.....	5,441	*68,693	82,923	-----	157,057
\$5.25 to \$10.....	4,488	19,335	44,371	-----	68,194
\$11.00 to \$20.....	14,974	16,341	3,528	-----	34,843
\$22.50 to \$40.....	20,588	11,143	1,799	-----	33,530
\$42.50 to \$75.....	1,873	4,919	718	2,072	9,582
\$75.00 to \$100.....	-----	1,768	-----	140	1,908
Above \$100.....	-----	-----	2	-----	2
Totals.....	47,364	122,199	133,341	2,212	305,116

\*Includes 325 acres in Orange County and 1,121 acres partly in Orange County.

#### OTHER LANDS.

Quotations on the price of farm lands are notoriously undependable. Except in the cases of land companies issuing printed lists of prices for specific areas, the price of land is usually subject to the "higgling of the market," to a give-and-take bargaining between buyer and seller.

The local tendency to inflate values and prices for the benefit of the outside world is everywhere evident; and the visitor is regaled with exaggerations which he may easily be led into believing to be facts.

The assessment rolls furnish only a basis for computing current land prices. They are not always indicative in the matter of real values, since good tillable land may be used for stock raising and therefore assessed merely as grazing land, or a tract on which the best oranges could be grown may be given up to alfalfa and officially valued accordingly. But as to current prices, if a definite ratio between assessed valuation and local opinion can be determined, the assessment rolls ought to reveal a reasonable approximation to the sums for which men are willing, if at all, to dispose of their lands. If assessments were uniformly made on separate parcels of homogeneous land the result would afford even a view of the gradation of prices. Unfortunately, the assessments, as a rule, are not made in this way. A parcel of land, or even an entire holding, will be assessed as a whole, even though it contains everything from \$2 to \$250 land. The resultant average therefore gives no key to the valuations of particular kinds of land.

In 1916 the State Tax Commission made appraisements in 38 of the principal counties of the state in order to determine the ratio between assessed value and what it calls "real value." The latter term will be used herein, without an inquiry into its validity, in the sense in which it was used by the Tax Commission. The appraisements made by the Tax Commission, when compared with assessments made by the local assessors, showed the ratio for "outside" acreage expressed in the following percentages:

County	Per cent
Santa Barbara .....	41.39
Ventura .....	41.52
Los Angeles .....	52.26
Orange .....	27.29
San Diego .....	24.89
Riverside .....	28.45
San Bernardino .....	33.37
Imperial .....	35.84

It has been assumed that the appraisements were sufficiently varied to give a representative result for general farm lands. The ratios would not, however, fit the case of the railroad lands. These are uniformly assessed in San Bernardino, Riverside and Imperial counties at one-third their estimated value. Though as for San Bernardino County this ratio almost exactly accords with the Tax Commission's figure, in Riverside County the actual ratio is considerably higher, while in Imperial County it is somewhat lower.

In the following paragraphs a view of farm land prices is sought to be given by applying the Tax Commission's ratio to the assessments on particular parcels of good land listed in the tax collector's books of the various counties. In certain cases these results have been compared with local quotations of farm land prices. In all cases the prices and assessments upon the land itself have been dealt with independent of improvements.

In Santa Barbara County the highest assessed valuation is that of the Hartnell Estate Company, 2,520 acres, which at the ratio given would show an average "real value" per acre of \$162.74. The next highest is that of the main section (2,161 acres) of the Pacific Improvement Company's holding, \$121.17; the third that of John F. More, 2,115 acres, \$118.63, and the fourth that of a parcel (1,423 acres) of the holdings of the well-conducted farming enterprise, the T. B. Bishop Company, \$92.48. The assessed valuations in these cases are far above the general run of valuations in this county, and the "real values" they yield by application of the ratio seem much lower than are warranted by current quotations of farm land prices.

In Ventura County the highest assessed valuation is that of the D. McGrath Estate Company, 2,266 acres, which by the application of the ratio yields a "real value" of \$252.55 per acre. The next highest is that of the Limoneira Company, a highly developed lemon-growing enterprise, 2,870 acres, \$228.49; the next that of the Patterson Ranch Company, 9,139 acres, \$165.76. The Berylwood Investment Company has 9,172 acres which show a computed "real value" of \$130 per acre, and D. T. Perkins, 3,250 acres, \$101.51. An obvious inference from these figures is that when tracts as extensive as 9,000 acres run an average value of \$165 or even \$130 throughout, there must be somewhere therein some exceedingly high-priced land; and the story of one of these owners (McGrath) refusing \$1,000 an acre for best bean land may have a substantial basis of fact.

Los Angeles County, according to the Tax Commission, has the highest ratio of assessed valuation to "real value" of any of the southern counties. It has also by far the highest values, as expressed in prices. For areas south of the mountains and west of, let us say, Pomona, no proper demarcation can be made between lands which have solely an agricultural value and those wherein prospective urban value enters to a greater or less extent. The San Marino ranch, 811 acres, of the Huntington Land and Improvement Company, is assessed at \$1,215 an acre, a figure which yields a computed "real value" of \$2,324.91. A tract of 101 acres belonging to Anita M. Baldwin indicates a "real value" of \$1,420 per acre. Five hundred acres of the Dominguez Estate Company yield the figure of \$478 per acre. The Laguna Land

Company, with about 2,800 acres to the southeast of Los Angeles proper, and in the direct line of anticipated urban development, has several tracts which assay values of from \$750 to \$922. These figures, the result of the application of the Tax Commission's ratio, are extremely low if by "real value" the Tax Commission means current market price; for the \$922 land has been subdivided and is for sale to the "ultimate consumer" at the rate of not less than \$1,600 an acre.

Yet even within what may be considered the metropolitan area the price of farm land, as gauged in this way, shades down to comparatively moderate figures. A tract of 517 acres, south of the city, belonging to G. del Amo, assays \$377 to the acre and a tract of 472 acres, in the Long Beach region, belonging to the Montana Land Company, \$222. North of the mountains the Palmdale Land Company's tracts may be taken as typical of Antelope Valley agricultural lands. The assessments range from less than \$20 to at least \$90 an acre, and the average for 2,240 acres indicates a "real value" of \$40.51.

The San Fernando Mission Lands Company, an Otis-Chandler corporation, and its related companies own tracts in the San Fernando Valley which originally totaled 16,000 acres. These have been reduced until the parent company has now only 9,710 acres. They are assessed at an average rate of \$80 per acre, though particular parcels run as low as \$10.40 and as high as \$141.46 and \$151.55, while one diminutive parcel of five acres runs to \$228. The parcels assessed at approximately \$150 per acre are presumably the ones for which the quoted prices are \$350, \$375, \$400 and \$425. Here again the Tax Commission's ratio is somewhat inadequate. The computed "real value" of these lands would be \$270.70 and \$290, as against quoted prices from 33 $\frac{1}{3}$  to 46 per cent higher.

Only one of the large holdings in Orange County—that of the Bastenchury Ranch Company, of 2,658 acres—comprises agricultural land of a sufficiently homogeneous nature to warrant any deduction from this method of gauging prices. It is a high class of land, irrigated, planted to young trees, and is to be cut up into small holdings. It is assessed at a rate which yields a "real value" of \$476.77 an acre. The greater part of the I. W. Hellman tract of 6,900 acres could be cultivated if proper drainage were applied to it. But it is assessed on the basis of its present rather than its potential value, the computed figures reaching only \$111.51 an acre.

The highest rate of assessment on an entire holding in San Diego County is that of the Syndicate Land Company, a developing and selling enterprise. The computed "real value" is only \$78.49 an acre, which would indicate the inclusion of considerable low-priced land. The price list of the Riverview Farms, a colony tract of the San Diego

Farm and Mortgage Company, will give a fairer idea of the price of good farming land. This tract is located near Lakeside, 21 miles from San Diego, and is partitioned into holdings of from  $3\frac{1}{2}$  to about 15 acres. An ample water supply is assured, and abundant crops of a wide range of products are promised to the cultivator. Prices range from \$85 to \$180 an acre, the average being probably about \$125. Price quotations are more than ordinarily fictitious in this county, and prices paid are sometimes absurdly smaller than prices originally asked. The Tax Commission's ratio probably fairly represents the difference between assessed and "real value." A lawsuit affecting the Jamul ranch, owned by L. J. Wilde, brought out from eleven witnesses as many estimates of its value; the average of these estimates was \$231,645. The land is assessed at \$62,070, and the Tax Commission's ratio applied to this figure would yield a value of \$250,000.

In Riverside County a tract of 405 acres belonging to the Riverside Orange Company is assessed at a rate which would indicate a current value of \$568, and a tract of 181 acres belonging to the West Riverside Estate Company, \$417 an acre. Both these tracts are near the county seat. In the San Jacinto-Hemet region the Nuevo Land Company has holdings aggregating 5,407 acres, of which the best portions are advertised for sale at \$250 an acre. A tract of 401 acres assays \$145 in "real value," another of 159 acres, \$226, and a third of 46 acres (presumably with an element of urban value included), \$515. Much land in this county is assessed at trifling figures. The entire holdings of the Empire Land and Cattle Company, 86,076 acres, average but \$16.50 an acre in computed value, and those of the El Sobrante Land Company, 16,225 acres, \$10 an acre. The limit of low valuation is reached in the case of the 349,228 acres of unpatented railroad lands, of which the average market value would seem to be 56 cents an acre, though thousands of these acres are assessed at a figure which yields a value of only 13 cents an acre.

San Bernardino County has also a vast stretch of relatively worthless railroad lands. The nearly one and three-quarter million acres belonging to the Southern Pacific Land Company are assessed at figures which indicate average values of \$2.57 an acre for the patented lands and 96 cents for the unpatented. Averages, however, are of small meaning here, for the patented lands include not only some 22,886 acres sold under contract (mostly to settlers and therefore presumably of some agricultural value), but also, among lands offered for sale, 6,045 acres at prices ranging from \$11 to \$75. Of the nonrailroad lands in the large holdings the highest assessments (except for tracts which carry a prospective urban value) are found in the Chino and Fontana districts. A tract of 823 acres in the Brooke district, belonging to the Fontana Land Company, indicates, from its assessment, a current value

of \$200 an acre. Another tract, of 2,058 acres belonging to the same company, in the Fontana Heights section, assays \$197. The whole of the 4,000 acres of the American Beet Sugar Company, mostly about Chino, average \$167 in value, while one tract of 545 acres assays \$221. The apple lands of the Redlands and Yucaipa Land Company show average values of \$127, with some parcels running to \$245.

Imperial County, though unique in so many ways, has at least one limit to its singularity. Here, as elsewhere in California, the exaggeration of the values and prices of land is a confirmed habit. Though the actual inflation is less, the verbal inflation is yet considerable. A tract popularly priced at \$225 an acre may be sold for a sum as low as 70 per cent of that figure. Prices are relatively low, and the assessment rolls reveal no valuations comparable to those of the good agricultural lands of the other counties, with the possible exception of San Diego County. The unimproved Southern Pacific lands about Calipatria, sold by the Imperial Valley Farm Lands Association, have brought an average, according to a personal statement by the president of the association, of \$80 an acre. This figure agrees almost exactly with the valuation as computed by an application of the Tax Commission's ratio to the official assessment. Of improved land no parcels were found which reached higher computed value than \$126 (a tract of 620 acres belonging to the Title Insurance and Trust Company). The excellent farm lands, highly improved, of the Timken Ranch Company average but \$96 an acre in computed value, though particular parcels reach a slightly higher figure. A tract of 1,235 acres belonging to D. R. and Agnes Crawford assays \$102 per acre, and other tracts range from \$90 to \$124. Two sales of land near Holtville showed prices of \$125 and \$150 for highly improved and cultivated land. The figures for this county as a whole show some discrepancy, it is true; but the explanation would seem to lie in the probability that the highest priced lands are not to be found in the large tracts, but in independent holdings of from 40 to 100 acres.

#### CONDITIONS AND TERMS OF SALE.

Of the conditions and terms upon which land is purchased, only such as are fixed or imposed by the regular selling companies are susceptible of any generalization whatever. The terms of sales by other traffickers in land have an immeasurable range, depending upon the land hunger or the financial ability of the purchaser, the need or the momentary purpose of the seller, or the caprice of either. First among the selling companies, by reason of its vast holdings, is the Southern Pacific Land Company. This company offers the choice of two forms of sale contracts. One requires cash without discount for sums below



\$300, and for sums above that amount 10 per cent of price at purchase, and nine annual payments with interest at 6 per cent.

The other form requires from the purchaser the construction of a dwelling house and the beginning of residence on the land within ten months after purchase, the cultivation of one-quarter of the land within 22 months and of one-half within 46 months, with acquirement of water rights when necessary and continuous residence and cultivation during the life of the contract. This contract runs 19 years. Seven and one-half per cent of the price is payable at purchase, and the remainder is amortized into 19 annual installments each representing 8.29 per cent of the purchase price, the total embracing price and annually accruing interest. A tract, for instance, bought on January 1, 1918, would require the payment of \$75 down and 19 annual payments of \$82.90 each to and including January 1, 1937. The total payment would comprise \$1,000 principal and \$650.10 interest, or \$1,650.10.

It is probable that the Southern Pacific Land Company holds to these terms. The terms of the Imperial Valley Farm Lands Association are more flexible. At the beginning they were stated to be one-fifth down, with four equal annual payments and interest at 7 per cent. But according to the head of the concern, long time and small payments have been the rule, and even smaller payments and longer time have been granted in cases wherein the purchaser has agreed to improve and cultivate his land at once. A recent sale was of 320 acres on an initial payment of \$3 an acre, and another of 160 acres, on an initial payment of \$2 an acre, with the remainder of the initial payment extended to July 11, 1919. With two or three exceptions, says the same informant, no sale on which a first payment has been made has ever been cancelled.

The Commission on Land Colonization and Rural Credits found that the time of payment in the various colony schemes of the state covered a range of from 3.2 to 11 years. In only three out of 20 of the colonies, however, was the time less than four years, and the average for all was 5.8 years. In no case found in southern California among selling companies, except the cases of the Imperial Valley Farm Lands Association and the Southern Pacific Land Company, is the ordinary contract time of payment more than four years. These selling companies are land merchants, buying and disposing of parcels of the commodity land, and naturally they want a quick turnover of their goods. For obvious reasons the Southern Pacific Land Company is an exception to this rule, and for other reasons so is the Imperial Valley Farm Lands Association. Its source of revenue is evidently commissions, and it can afford to take a long chance in dealing with the buyer who can afford only small payments extended over a term of years. Yet even in the case of the other selling companies, there is great flexibility in the

enforcement of the terms. Each land merchant will assert that none of his purchasers is ever harassed by a too rigid enforcement of the contract; that whenever extended time is wanted it is granted; that settlement of the land is the thing mainly desired, and that cancellations are avoided by all means not entailing an absolute loss to the company. The ample interest charge goes on, of course, on the extended time, and though it is an insignificant source of revenue when compared with the profits on the sale of the land itself it is one of the several compensations that enable the landseller to deal gently with the dilatory purchaser.

#### BENEFICIAL USE OF LAND.

It is certain that much of the tillable land in the large holdings lies idle in the face of insistent demand of many thousands of men for access to the soil. It is also certain that much of this land is not devoted to its most productive use.

A survey of land conditions in San Diego County, with a view to increasing crop production, which was made by the local Food Administration in the summer and fall of 1917, brought out the estimate that 62,571 acres of easily available farm land were then lying idle. The area under cultivation was then 43,992 acres in the staple crops, 3,000 acres in garden truck and 17,771 acres in fruits and nuts, or a total of 64,763 acres. The cultivation of the available land lying idle would thus have very nearly doubled the productive area of the county. Of the 62,571 idle acres, 39,011 were cleared but not irrigated, while of the remaining 23,560 acres the statement was made that all could be easily cleared. Water was said to be then available for 4,812 acres and could readily be made available for 21,317 acres more, leaving 36,442 acres for dry farming. The greater part of this land was evidently contained in the large holdings.

An inquiry into the agricultural use of lands in Los Angeles County was made for the County Council of Defense in the fall of 1917. It showed an irrigated area of 222,041 acres and a dry-farmed area of 221,212 acres, or a total in cultivation of 443,253 acres. An estimate was made of 286,331 unplowed acres capable of being dry farmed, and of 358,719 unplowed acres for which water might then, or at some later time, be obtained. The figures for cultivable land not in use seem extraordinarily high; and it is impossible, from data available, to confirm them. But if the real total is even half of that given, it reveals a deplorable situation. Little or none of this land can be in the small holdings, since these are almost invariably acquired for use in agriculture. Some of it is public land, and some of it doubtless urban or suburban land; but the greater part of it is unquestionably comprised in the large holdings.

Reports from field agents to the State Agricultural College in April, 1917, stated that of new land 4,000 acres in Los Angeles County, 30,000 acres in Riverside County and 5,000 acres in San Bernardino County could be profitably plowed for summer fallow and that irrigation in southern California could be easily extended to an additional 100,000 acres. The results of these various investigations, made under radically differing conditions, can not be reduced to a definite statistical summary. It is enough to say that they indicate large areas of usable land lying idle.

Of land not devoted to its most productive use there are also extensive areas. Large holdings do not lend themselves to intensive cultivation. Where the small holder is thrifty with his opportunities the large holder is prodigal; and what is tillable under the most modern conditions to the man who owns 20 acres is either untillable or unirrigable to the man who owns 10,000 acres. An expert on land conditions asserts that 18,000 acres on the great San Joaquin ranch, in Orange County, now dry farmed, could be watered from wells already in existence and converted into the most valuable land; and this estimate was raised to 25,000 acres by the field agents of the agricultural inquiry of April, 1917. On another tract in the same county, now marshy, it is estimated that proper drainage would make tillable 5,000 of the 6,900 acres. One may find these instances, though in varying degree, in every county. Large areas which would support in comfort a greatly increased rural population and add enormously to the riches of the commonwealth are withheld from their best use or from any beneficial use whatever.

#### GENERAL OBSERVATIONS.

1. It thus appears that in the eight counties of southern California there are 279 holdings (reducible by allowing for duplications to about 255 holdings) each of more than 2,000 acres, comprising an aggregate of 4,893,915 acres.

2. It also appears that the Southern Pacific holdings in five of these counties aggregate 2,598,775 acres.

3. It also appears that of the total of nonrailroad and nonpublic lands in these counties, roughly approximated by the federal census figures of "land in farms" (4,587,581 acres), 2,295,140 acres, or 50 per cent, are owned in about 250 holdings.

4. It also appears that there are at least 32 private holdings each of more than 15,000 acres; that seven of these holdings exceed 50,000 acres each; that one of them is of 101,000 acres and another of 183,399 acres.

5. It also appears that at least 666,886 acres of the 2,295,140 acres, or 29 per cent, are now or potentially tillable; and that further development of water resources, the application of scientific farming methods

and the reduction of large holdings into small holdings would considerably increase this tillable area.

6. It further appears that a considerable part of the land in these large holdings lies idle, that another considerable part of it is not devoted to its best use, and that much of that part of it which is for sale is priced far above its productive value and offered under conditions which make its purchase by the average landseeker hazardous and by the poor man impossible.

Much of the land in these great holdings is not for sale under any conditions; some of it is for sale in tracts of a size which renders it wholly inaccessible to the man of small means wishing to make productive use of it, and most of what is for sale is held at prices which prudence forbids the prospective cultivator to pay. With other commodities a sluggish market and poor demand bring reduction of prices. But land in large holdings is owned by men who can afford to wait; who know that sooner or later the pressure of population upon the means of subsistence will force the purchase of their lands at their own prices. These prices are thus maintained in the face of a temporary lessened demand, and with the increase of population in the vicinity of the lands the prices are even advanced.

Much of this purchasable land has been advertised, and is still being advertised, with gross misrepresentation. Much of it has been sold under questionable pretenses. The great frauds practiced upon settlers in California form a chapter in the state's history which is an ineradicable disgrace. The spent savings and the toil of thousands of ruined lives have gone to the making of a few fortunes, and for all this deceit and robbery there has been little or no redress. Powerful interests stand determinedly in the way of any effective reform. The legislature of 1917 passed a law, it is true, penalizing certain misrepresentations regarding land. But it was a weak and partial law—a law aimed only at brokers in real estate—and its passage by the legislature was probably acquiesced in, despite a show of opposition, by the exploiting land interests in the belief that it could not pass the courts. On this very ground that it was partial—that it penalized in the broker what it permitted in the insurance company—the Supreme Court declared it unconstitutional. The field was thus cleared for another campaign of frauds upon settlers.

Large-scale ownership means, of course, tenantry or wage labor. Tenantry is a condition that arises from a complexity of factors, and wherever studied it shows baffling contradictions. One might expect to find little of it in Imperial County, where the farm unit is small and where there are only a few large holdings, the largest of them being less than 6,000 acres. Yet tenantry flourishes here as nowhere else in southern California, and it is increasing. The explanation is a climate

which the landowner seeks to escape, the constant influx of impecunious farmers from the south, and the marvelous productivity of a soil which brings high rentals from the cultivator, thus enabling the owner to live comfortably in some less torrid locality. One might expect to find much tenantry in Ventura County, where there are many large holdings and where the disposition not to sell land under any circumstances is common. Yet here one finds less tenantry than elsewhere. The explanation is a psychological one, though based on economic factors. The owner prefers to "handle" his land himself; with wage labor to help him he expects greater returns from the soil through his own operation than through operation by tenants; and though wage labor is reputedly a source of trouble and uncertainty, he chooses it as a means of sticking close by his land.

It is thus tenantry here and wage labor there, according to particular circumstances not always easy to determine; and though the laborer may become a tenant and the tenant an owner, such transformations are too few and scattered to affect the general conditions. The great mass of the land is held by an insignificant few, who do with it as they will, and the ideal of a rural society composed of many small-unit owners, each a tiller of the soil—the ideal of socially minded men in all times—is one, so far as southern California is concerned, for which there is not the slightest present basis of hope.

The need of moderately large holdings for stock raising may be admitted. Stock cannot be profitably raised on small areas of natural pasture. But the only effect so far of the Stock Raising Homestead law of December 29, 1916, granting grazing homesteads of 640 acres, has been to give a fresh impetus to land frauds. In many localities near the already large holdings of grazing land, employees of cattle companies have filed upon these homesteads with no intention whatever of ownership but only a turning the land over, when finally proved, to their employers.

But large holdings of tillable land, or land in which even a moderate portion is tillable, are productive of a long train of social evils. To recount them in the face of the fact that they have been recounted with almost identical particularity by every land reformer from ancient Hebrew times to the present, seems a needless waste of effort. It is enough for present purposes to say that they are recognized by every one who has not a material interest in the maintenance of exploitation through the land, and that long ago (1879) this recognition was written into the constitution of California. The fact, according to Dr. Arthur Nichols Young, in his "The Single Tax Movement in the United States," that this declaration was "passed with laugh, for political reasons," does not lessen the enduring fact that it is an integral part of the organic law and might have been expected to exert some influence

on California legislation. But the policy and the practice of the state have been the contrary of what is therein expressly stated. The old concentration of land ownership which comes down from the Spanish-Mexican times has in a large degree persisted; and superposed upon this is the new concentration of ownership afforded by modern wealth. No statute or ruling by the state government, so far as known, has interposed any bar to this persistence of the old system or the development of the new. The influx of population has furnished an economic motive for breaking up large holdings in or about townsites into building lots and to some extent into small rural holdings. But otherwise law and economic conditions have made for the conservation and fostering of large holdings. A remedy, thoroughgoing and of immediate application, is needed. On the one hand, the holding of large areas of land should be made economically undesirable to the individual, the family or the corporation; on the other hand, the intensive use of the soil, in small allotments, should be promoted by the state, through every means in its power.

## PART II.

### A CONSIDERATION OF REMEDIES.

Against an evil so gross and so deeply rooted, and defended by interests so powerful and so uncompromising, any proposal of remedies must seem audacious. But no time offers so golden an opportunity as this, when the imperative obligation to our returning soldiers gives new emphasis to the need of opening up the land; and if nothing can now be done, then accomplishment must wait for some undiscernible time in the far future.

Of the many proposals or plans so far advanced, the three which of late have been most in the public mind are: The recommendations of the State Tax Commission (1917); the colonization plan of the Land Settlement Board, and the proposal to institute an exclusive tax on ground rent (the single tax).

#### THE TAX COMMISSION'S RECOMMENDATIONS.

The report of the State Tax Commission covers a wide range of subjects relating to the general subject of taxation. It gives, however, a particular emphasis to the land problem, and for the elucidation of this problem it assembles a considerable body of valuable data. The Tax Commission repeats with approval the paragraph in the State Constitution deprecating large holdings of unimproved land and further deprecates the "holding of large interests in *improved* land." But it is against anything which "will destroy any individual's accumulated property rights," and therefore it disapproves the proposal of the Aus-

tralian graduated land tax. It favors, as has previously been mentioned, a scientific classification of lands, and it also favors the assessment of land at full value. It furthermore favors a tax on the future increase of land values, "with a heavier burden to be placed upon unimproved and undeveloped lands than is placed upon those that are beneficially used."

Assessment at full value, which the Tax Commission ruefully admits to be as remote from accomplishment as ever, would assuredly be a step in advance. The scientific classification of lands is needed, but the urgency of a fundamental reform forbids delay. As to the proposed tax on the future increase in land values, the comment of the California League for Home Rule in Taxation seems sufficient. "We can see no reason," says that association, "for attempting to discriminate between the future increased land values and the values which have heretofore accrued. Such values are of the same nature and produce the same economic effect irrespective of the time of their creation." The refusal of the Tax Commission to countenance any measure which "will destroy any individual's accumulated property rights," seems curiously anachronistic in this year 1918. In every nation under the sun what have heretofore been thought to be property rights are undergoing a transformation; and that movement, far from having reached its crest, is from every present indication only at its beginning.

#### THE LAND COLONIZATION PLAN.

The history and plan of the Land Settlement Board are too well known to need any extended relation or description here. This plan offers good land, on small payments and long time. It brings to the settler financial assistance and instruction by the state. It frees the settler from the land shark, places him in a community, establishes rural institutions and makes farm life attractive. Within its limitations it has every possible merit; and it ought to be widely extended by immense funds, raised either by levy or by bond issues. No amounts prudently spent on this plan will be hazarded or lost: they can make, in the long run, only for a richer and more prosperous commonwealth.

Nevertheless, it is a plan with definite and obvious limitations. With its widest conceivable extension it can not meet all the requirements for the settling of the land.

1. It accepts necessarily the current speculative price of land. That is, nothing in the plan aims at the depression of this price or the correction of the terms upon which land is generally sold to settlers in the state. The board, it is true, obtained favorable terms and no doubt a reduction in price on the land which it bought; but it is notorious that any concession made in this matter has been prompted by the expectation of a rise in land values in the vicinity of the settlements. In

response to the board's proposal to purchase land, many large landholders (not less than 40, in 17 counties) hurried forward with offers of tracts aggregating 200,000 acres; and this eagerness was manifested in spite of the fact that the terms stated by the board were exceptionally unattractive in the eyes of the average California land merchant. Thus, for any modification of current terms and prices obtained by the board for its own settlers, there will be a corresponding increase in prices and stiffening of terms for settlers elsewhere. The crying evil of high prices and short terms of payment throughout the state remains untouched.

2. Within its present scope it can not have the slightest effect on the land situation in California. According to the latest announcement, the 3,520 acres opened accommodate 53 farmers and 21 laborers, and the 2,500 acres later to be opened may swell the grand total to something like 100 farmers and 40 laborers. Of course the plan may be, as it should be, widely extended, but any extension within conceivable limits would still leave general conditions in the state only slightly affected.

3. It offers small encouragement to the poor man. A late statement is to the effect that the applicant for a farm must have at least \$1,500 capital, and he is advised that the amount of from \$2,500 to \$3,000 would be still better. If the social purpose is to open the land of California to those who most need it, this plan assuredly does not meet the final test.

4. It offers no lodgment to the thousands of experienced farmers seeking new lands, whose independent spirit prompts them to reject the colony system, and instead to choose their own locations and to practice their own methods of farming.

As a demonstration, it is admirable; as an auxiliary of other plans it will prove of the utmost service; but it needs to be supplemented by general provisions making undesirable the ownership of large areas of land.

### THE SINGLE TAX.

The proposal of the single tax, in one guise or another, comes recurrently before the voters of California. The supporters of the proposed tax contend that it would break up the large holdings and make land accessible to all. This is not the place for an exhaustive analysis of this proposal; but any treatment of the land problem which ignored a measure so insistently advocated would be incomplete.

The term "single tax" is confusedly used to cover a wide range of land taxes. Obviously, a single tax is nothing if not single; and when a tax on land values shares its place in a revenue system with other taxes it should be designated by some term that does not imply exclusiveness.



For the tax proposed by Henry George the term "exclusive single tax," even though tautological, would prove better than the one now used. Dr. Young, in his book, "The Single Tax Movement in the United States," proposes "exclusive land tax." More definite, however, even if less wieldy, would be "exclusive land-value tax." But a usable term is also sadly needed for the tax which is not exclusive but which yet levies upon the use-value of land. The term "site tax" is inadequate, as in the main it can relate only to urban land; the term "unearned increment tax" suggests only one phase of the matter; the term "economic rent tax," which might be supposed to meet the needs, is too cumbrous for use; and it is vitiated, moreover, by current changes (or perhaps general confusion) in the meaning of the term economic rent. On the whole, the term "land-value tax" seems best adapted for the designation of this tax which is not sole and unique, just as the term "exclusive land-value tax" seems best adapted for the one which supplants all other taxes.

Perhaps a majority of thoughtful persons in the towns and cities have come to take a favorable attitude toward the tax on land values, so long as it is not exclusive. If only they could be convinced that it would not unduly disturb established revenue-producing systems, they would probably at any time register their mandate at the polls to give it a trial. For it expresses in simple form a proposal to remedy what increasing numbers of persons have come to look upon as a giant evil—the appropriation by a few individuals of the enormous values added to urban land by industry and the movement of population. They believe that this increased wealth belongs to society, and that it should be taken from its appropriators. Though rural populations are still prone to look upon a general land-value tax with apprehension, in many cities it has won a strong measure of support.

But the exclusive land-value tax has no such body of adherents. After one hundred and forty years of propaganda in its behalf (for it comes down to us from the days of the Physiocratic School in France, and in each generation has had its apostles) it has won few supporters among economists and only a limited number of followers among the general body of citizens. Mr. Joseph Dana Miller, editor of the *Single Tax Review*, writes to Dr. Young in a letter of March 24, 1916: "I should say that there are in the United States between 25,000 and 50,000 convinced single taxers who are in the possession of the full vision." At the best this number is but an inconsiderable fraction of the people of America who take an interest in public questions.

Yet, despite all objections that may be advanced against so-called straight "single tax principles," it is well known that in this state there has already been developed a sufficient sentiment regarding the evil of large holdings to promise a sweeping majority for a rational

measure of land-value taxation. About the attitude of the majority of the urban population there is no doubt; and it seems certain that the rural population would support a measure which exempted holdings of moderate size or value, but bore heavily upon large holdings.

So far, however, there has been no opportunity of testing this question at the polls. On the one hand are the uncompromising single-taxers, who have stubbornly insisted upon a purely doctrinaire measure; they will have the single tax or nothing. On the other hand are thousands of voters convinced of the need of taxing the large holdings, but also convinced that the exclusive land-value tax is false in economics and would prove ruinous in practice; they will therefore continue to suffer the existence of present evils rather than to take a leap into the unknown. There could thus be no union of the forces antagonistic to land monopolization. But the radical decline in the California vote on an uncompromising single tax measure (a decline from 260,000 votes in 1916 to 110,000 votes in 1918) may prove the harbinger of success for a rational and effective measure.

#### SUGGESTIONS FOR A POLICY AND PROGRAM.

No proposal to solve so great and complicated a problem as the land problems in California can be advanced that will not contain real no less than seeming contradictions, imperfections of detail, the creation of new difficulties in the place of those cleared away. But if remedial action is to await the formulation of a faultless plan it will wait forever. The land problem of California has been the subject of agitation and of popular demand for remedies for more than fifty years. At times, as in the early seventies and during the last four years, this agitation has prompted a great movement looking to immediate and drastic action. But in all that time nothing (except the opening of the colonization project of the Land Settlement Board) has been done. The evils denounced fifty years ago have not been corrected, but have been confirmed and multiplied. The situation is now what it then was, only worse; for the evils have an added prestige and security given them through custom and prescription. The need is therefore action; and a remedial proposal is to be judged not by the test of whether or not it is free from objections, but by the test of whether or not it offers some substantial betterment of a notoriously gigantic evil.

The Commission is of the opinion that a practicable plan can be formulated which centers about a *graduated land tax*.

#### SOME PRELIMINARY STEPS.

But before any specific reform of the land problem can be attempted certain preliminary steps are essential.

*First, there is needed a formal declaration by the state of a land policy—a declaration on broad lines, but in precise statements, of just*

what it aims to do. The statement in the constitution of 1879 means anything or nothing; for thirty-nine years it has stood there without having had any discernible effect upon California legislation. The statement of a land policy should be in such terms as to serve as a guide and a standard for legislative action; in such terms that the people may at all times use it as a test by which to judge the action of their representatives on every matter relating to the land.

Our first duty in remedial action is, without question, to our returning soldiers—to prove to them that the commonwealth is not ungrateful for their heroic service, and that our gratitude is to be expressed not merely by plaudits and celebrations, but by the making of ample provision, at whatever cost, for the economic security of those who have risked their lives for our protection.

But a policy based merely upon providing rural homes for soldiers is likely to wear itself out within a very few years—possibly within a year or two. The number of California soldiers eager to go upon the land—or even willing, under exceptional conditions, to go—is an uncertain quantity and may prove, upon trial, to be inconsiderable. But whether this number proves great or small, there is now and has always been an urgent demand upon the part of thousands of experienced civilian farmers, and also of inexperienced civilians wishing to turn to the soil, for cultivable lands; and this demand should be met by the fostering care of the state. Our land policy should be broad enough to aim at an immense increase in the number of tillers of the soil and the creation of a prosperous and secure rural society.

*Second, there should be a genuine co-ordination of every bureau, commission or other state agency having to do with rural land and the supply of water.* The chaos of land conditions in California is fully reflected in the chaos of administrative control of those conditions. The school lands are under the control of the Surveyor General. The Land Settlement Board is nominally an independent body, but is really an agency of the Agricultural College. The State Water Commission is an independent body; so is the State Reclamation Commission, and so is the Irrigation District Bond Commission. When the office of Real Estate Commissioner was established it also was made independent; and though the courts have abolished the office, it may possibly be revived as an independent agency under a law designed to meet the constitutional objections. There are also certain functions now performed by other commissions which ought properly to be performed by a consolidated body having exclusive control of land rights and water rights, bounded only by the claims of federal jurisdiction. It is a question if to this centralized body should not also be added the Viticultural and Horticultural Commissions. The sweeping attacks made by reactionary elements on the commissions in general would lose most of their force

if these anomalies were corrected. For the operation, moreover, of any definite program regarding the land, this consolidation is a prerequisite.

*Third, there should be legislation requiring from the county assessors the annual gathering and tabulating of statistics regarding the size of farms, the number of landholders, and other useful information regarding agrarian conditions.* The lack of exact statistics on all these matters is deplorable; and the difficulty of collecting them by independent research is almost insurmountable. But they could easily be gathered by the assessors as a part of their work of appraisal, assessment and recording of ownership. The interests that have sought and are still seeking to keep conditions unchanged have of course opposed all publicity on the subject, and consequently the data required to be turned in to the state by the assessors are so meagre as to be almost valueless for the forming of any general judgment on land conditions. But a state which undertakes a program of land reform will need the most ample and detailed statistics of land holdings; it will need to know minutely the results of the operation of the program; and there is no simpler and cheaper way of obtaining the information than that of requiring it from the assessors.

#### OBJECTIONS TO GRADUATED TAX.

The graduated land tax is, as already noted, opposed by the State Tax Commission, on the ground that it would destroy accumulated property rights. "We do not believe," says the Tax Commission, "that it would be just to levy a graduated land tax upon the total land value of holdings above a certain limit for the reason that in many instances there are ownerships where the lands would increase very slowly or even decrease in value for a time, below the actual cost, and such owners would bear as heavy a burden under the graduated land tax as those whose lands were increasing rapidly." The Tax Commission's contention is given here without further comment for such light as it may throw upon the attitude of that commission.

The Home Rule in Taxation League (a single-tax body) also opposes the graduated tax. In New Zealand and Australia, it says, this tax has frequently resulted in the evasion of the intent of the law through the dividing up of large holdings among members of a social unit—a family or a corporation. It asserts that no such tax, "especially in confined-to-land values hereafter created, would cause the owner to give it away or sell it for less than the market value." It further says that the tax is discriminatory, and therefore a species of class legislation, and that by reason of this fact a lax enforcement is entailed.

The State Tax Commission's contention that the tax would destroy accumulated property rights may, if amended by the substitution of the word "impair" for "destroy," be cheerfully conceded. The tax

would have just that purpose and just that effect; but nothing less than a provision which would make less valuable, and therefore less desirable, the ownership of large areas, will answer the purpose. There is, indeed, an alternative which one sometimes hears suggested by real estate men. That is the bonding of the state in some enormous sum to provide for the purchase of the lands at their present prices as a step toward their partition. But no one has any serious belief that such a program will be put before the legislature or the people. If, therefore, there is a general disposition on the part of the people of California to avoid the impairment of the present speculative values of real estate, there will be no general partition of the large holdings.

That a law may be evaded is no new phenomenon, and the Home Rule League's specification of evasion of the graduated tax law has small force. Doubtless even the single tax, if it were in operation, would fail of an equal and exact enforcement in all places. A tax which has been in successful operation for years in the Commonwealth of Australia must have something to say for itself in spite of the fact that its intent is sometimes evaded. Regarding the second objection, it may be said that it is already answered by the facts. We know by uncontroverted testimony that the effect of the graduated tax is in some measure a reduction of excess holdings. "The conclusion is inevitable," writes Mr. R. Ewing, the Federal Commissioner of Land Tax, in his fifth annual report (for the year 1915-16) "that the tax has been a strong factor in bringing about subdivision and sale of large estates. \* \* \* The smaller taxpayers increase in number, but the larger taxpayers diminish." These changes occurred under the operation of comparatively low rates of taxation, though these were somewhat increased for the year 1914-15. For the present year they have been increased by 20 per cent. Whether the market value of the lands changes or not, the value to the excess owner indubitably changes, and he parts with some of his possessions. The third objection is an anachronism which better fits a long-past day. If a graduated land tax is discriminatory as between individuals or classes, so also is a graduated income tax or a graduated inheritance tax. Indeed, in the last analysis, any ad valorem tax is a class tax because it discriminates on the basis of possessions. The proposed single tax itself is subject to the same criticism, since the amount collected from each individual would depend upon the value of the land holding. According to this theory of social relations, only such a tax as the poll tax would be unassailable, because under it Mr. John D. Rockefeller and a dollar-a-day common laborer would pay exactly the same amount, regardless of the disparity of their wealth.

## THE GRADUATED TAX IN AUSTRALIA.

There is a considerable literature on the subject of the Australian taxes. The statement by Niel Nielsen, Trade Commissioner to America for New South Wales, printed in the report of the State Tax Commission, summarizes the important particulars of the state and federal land-tax laws. A land valuation tax was instituted by New South Wales in 1895. This is not a graduated tax in the sense that it provides for a series of graduations in rates. It does, however, establish two grades—land of an unimproved value below \$1,250, which, whether an individual holding or a part of a large holding, pays no tax, and land of an unimproved value above that amount, which pays 2 cents a year on each \$4.86. Mr. Nielsen says:

This was a small beginning, and the provision for the exemption was perhaps economically incorrect, but it had a wonderful effect. Land was immediately put to higher uses so that the tax might be paid from profits and not from its capital value, and the transition occurred so rapidly that the land so taxed did not decrease in value but actually increased in value in direct ratio to its higher uses. These increased values provided a greater taxable capital value, and the result was not only increased production but by its greater use increased values to the land and consequently increased revenue for the state. The experiment had been tried and found effective.

From this moment the system started to extend until today every shire throughout the land and every municipal area, with the exception of a very few of the large cities, derive the whole of their revenue from unimproved land value taxation.

The shires' councils can not collect taxes except from the unimproved value of the land; the municipal areas councils have the right to collect taxes both from the unimproved value, *which is mandatory*, and from the annual rental value, *which is optional*, but in actual practice the greater number of them collect only on the unimproved values.

The federal land tax dates from 1910. It is a tax to provide for the defense of the commonwealth. It exempts lands of an unimproved value up to \$25,000, and levies a tax of one penny in the pound, or 2 cents on each \$4.86, on values up to \$75,000; 4 cents on values over \$75,000 and up to \$150,000; 6 cents on values over \$150,000 and up to \$225,000; 8 cents on values over \$225,000 and up to \$300,000; 10 cents on values over \$300,000 and up to \$375,000, and 12½ cents on higher values. By a new law (1918) these taxes are raised 20 per cent.

"It will be seen," writes Mr. Nielsen, "that this defense land tax does not fall upon the small landholders at all, but upon the large landholders it presses very heavily, and it is meant to so press on them that they will disgorge some of the large and valuable areas which they have become possessed of."

## A GRADUATED TAX IN CALIFORNIA.

No more than a mere outline of a graduated tax applicable to California will be here attempted. The elaboration of a detailed plan may be made later. As, moreover, this inquiry relates only to rural land,

with a particular application to land now tillable or presumed to be susceptible to cultivation at some future time, the applicability to urban land of the suggested proposals will not be discussed. But that large aggregate of land, agricultural or near-agricultural, which because of its proximity to centers of population has got beyond an agricultural classification, may fairly be included. No one can map the margin of cultivation. On the one hand it extends to the fringes of the desert, and on the other hand it penetrates the high-priced lands within town and city limits. In and about Los Angeles cultivation continues on land for which probably \$2,000 an acre would be refused. Much of this land belongs to owners of large holdings, and its already inflated price is constantly pushed upward in spite of a sluggish market. Its present income, consisting of rentals from tenant cultivators, is a mere temporary by-product availed of while the owner waits for its sale at a high figure. With the bubble of inflation pricked out of it and its partition compelled by a valuation tax, some of it at least—much of it perhaps—would for years, until overlapped by the city's growth, furnish secure livings to owner cultivators instead of furnishing income wrested by idle owners from tenant cultivators.

A law embodying the proposals here suggested ought also to be made to apply to mineral and timber lands; but because they do not come within the scope of this inquiry I have left them out of consideration.

As elsewhere, the basis of a graduated tax in California would have to be value and not acreage. Mere acreage, especially in this state, counts for nothing. Moreover, as in the basis employed in Australia, it should be unimproved value, rather than improved value. The determination confessedly involves difficulties, as does every other determination relating to the land. A discrimination in favor of "beneficially used" land, which is often advocated, would but add to the difficulties, since even so preposterous an employment of land as the pasturing of a cow on a million-dollar acre might be put forward as an instance of beneficial use. The State Tax Commission, in its advocacy of a tax on future increases in land values, admits the difficulty of distinguishing improved from unimproved land, and suggests the reference of the decision to a "central tax body."

A necessity, however, in the fixing of values is the determination of what is tillable land—land that is actually or potentially agricultural. For this determination we cannot wait for new federal soil surveys, nor for the proposed classification of lands by the state. There is, however, a test that is of immediate practicability—and that is the legal purchase offer. If the appraisers and the assessors can not determine what is tillable land, the purchase offer can find it with sureness and dispatch. Let the law define as tillable anything, outside of mineral and timber lands, for which any one offers to pay as much

as \$25 an acre, and the work of classification will proceed automatically. New Zealand has set a precedent for this mode of individual determination, by an appraisal law which gives each owner the right to make his own appraisal, but also gives to any other individual or to the state the right to take the land at its appraised value, plus 10 per cent.

There should be a norm or standard rate of taxation for all holdings within a considerable range of values—say from \$5,000 to \$25,000. Below this there should be a reduced rate—say one-half. At the other extreme a heavy graduation of rates should begin. As the increased rate on the higher values would discourage large holdings, so the reduced rate on the lower values would foster home-owning on small acres. This gradation, while operating against all large holdings, would still allow holdings of greater acreage in the purely agricultural districts unaffected by urban values than in the vicinity of cities.

The exemption of improvements on small farm holdings is strongly urged by many persons other than single taxers. For reasons which have already been given this contention seems to have been pressed to an absurdity. Nevertheless a distinction may well be made between improvements, on the one hand, of moderate value which serve as aids to the owner cultivator, and on the other hand, improvements of great value which serve as a means of profit from the labor of others. In other words, the improvement which is a part of the equipment of the self-producer is in a very different category from the improvement which forms a part of the capital of the employer. It might be expedient to exempt the former to the maximum of \$3,000.

Since many of the large holdings are an aggregate of areas in more than one county, the surtax would have to be collected as a state tax. The law would have to require a declaration from each landowner as to his holdings in counties other than the county of his residence. The state would have to provide for the proper returns from the county assessors. No extra machinery would be needed for the collection of the surtax, which on information from the state as to the individual's holdings in other counties could be collected by the various tax collectors in the county of residence. Attempted evasions of the tax by hiding a part of one's holdings in the name of a corporation could be met in various ways. A suggested method is to provide that ownership of stock in a corporation be regarded as equivalent to the ownership of land to the extent that land values constitute part of the assets of the corporation.

#### THE POLICY OF STATE AID.

The graduated land tax does not in itself, of course, include state aid to the prospective settler. In this respect it is subject to the same criticism as is the single tax. Nevertheless, the policy of state aid has



been adopted by all of the countries that have seriously attempted to deal with the land problem. In particular, it has been carried to great lengths by the governments of New Zealand and the Australian States of New South Wales and Victoria. It has already been adopted in California in the plan of the Land Settlement Board, and it should be extended to include purchase and settlement outside of that plan.

#### CONCLUSION.

The general principles and incidence of the graduated land tax are well understood, and there seems no reason for any further amplification in this place. This summary is therefore closed with the suggestion that after fifty years of agitation in this state, action of some sort is imperatively needed; and that unless this action is taken soon by the responsible forces of the state in accord with a high standard of social justice, it may be taken by irresponsible forces more intent upon expropriation than equity.

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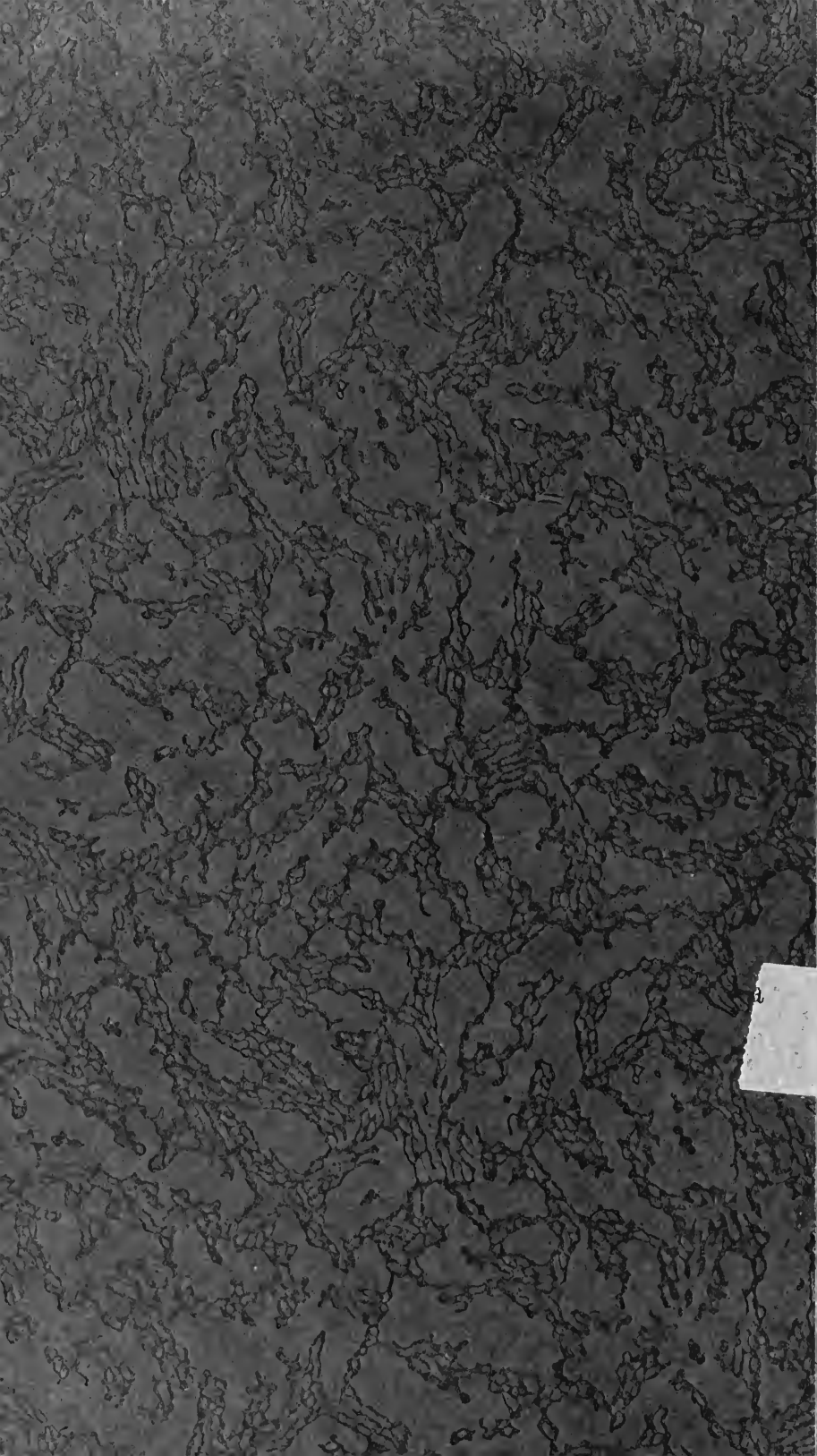


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