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E. Robert Scrofani - Editor

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The Cattle King and the School Teacher

A Georgist Moral

by E. Robert Scrofani

*"Whiskey is for drinking - water is for fighting over."
- Mark Twain*

In the 1870's, only 20 years after California became a state, the people of the Valley were involved in a water war. This battle would lead to a revolutionary change in agriculture and land ownership. It would pit a cattle king against a school teacher.

When California was ceded from Mexico to the United States, the rights to water were governed by the riparian doctrine. This doctrine, which dictates that the owner of a stream bordering his land retains full rights to the use of that water, was continued and reinforced. Landowners with such water rights could monopolize its use. One such water monopolist was a German immigrant named Henry Miller who acquired lands throughout the Central Valley of California.

Miller and his associates bought lands along and on both sides of a river for hundreds of miles allowing them to build private irrigation canals and to sell water to growing surrounding communities. By the 1880's they had acquired over a million acres.

Miller Controls the Kern

To the land holdings that gave them control of much of the San Joaquin River area they added a 50 mile stretch along the Kern River. In 1886, the California Supreme Court ruled in *Lux v. Haggis* that Miller had the right to the use of the Kern River undiminished in quality and quantity since he owned the lands abutting that river.

The Central Valley farmers were outraged and they organized a legal challenge to this ruling in a special session of the California legislature. Modesto farmers sent C. C. Wright, a 28 year old school teacher to the session as their representative. Wright, who was influenced by the anti-monopoly ideas of Henry George, then a prominent journalist in California, knew his water law.

He authored an act signed on March 7, 1887, to give farmers new powers and weaken the hold of the cattle ranchers and land speculators. It permitted a majority of voters to create a special district to build the irrigation systems needed for farming.

The farmers used this power to form a special assessment district with the power of eminent domain to overcome riparian rights and to raise funds for dams and canals through the sale of bonds. The bonds would be paid off by a tax on the value of the land in the district thus imposing no burden on the farmers' capital resources.

Arid land which acquired water increased enormously in value reflecting the increased productivity of the land. The key principle was that landowners paid the land tax, whether they used the water or not, since it was the availability of the water that increased the value of their land.

Wright Act Tested in Court

The cattlemen and those who already monopolized the land and water opposed the voting right of non-property owners. They opposed the requirement that they pay the irrigation tax whether they used the water or not. They argued before the Supreme Court of the United States that they were denied their 14th amendment rights which requires that private property could not be taken without payment. The Wright Act is "confiscation and Communism under the guise of Law," they charged. The Court in 1896 disagreed.



Modesto Arch, 1986

Photo: Robert Dawson, Pacific Discovery Magazine

In "Fallbrook Irrigation District v. Bradley (Case 164, US 112)," the Court ruled that the Wright Act was constitutional. It called the irrigation districts which made arid lands productive a "legitimate public use" and not confiscation. The Court also approved the tax on land values as a legitimate way to raise revenues for the districts.

The Wright Act made water available to thousands of farmers. Productive farms replaced cattle trails, and citrus fruits replaced enormous worn out wheat farms. The Henry Millers of California could no longer appropriate the rivers and ground water as private property.

A later amendment to the Wright Act exempted "all trees, vines, alfalfa, growing crops and all the structures," from taxation. The full cost of the irrigation systems would now fall on the land only, not the improvements. The Modesto Chamber of Commerce in 1915 praised the change. "... (it) has brought great prosperity to our district. Farmers are now encouraged to improve their property. Industry and thrift are not punished by an increase in taxes."

So successful were the districts that the Don Pedro dam (the world's largest at the time) was built solely with the tax revenue from increased land values. The farmers, not the general public, paid for this benefit from the increased productivity of their land.

Through the foresight of one school-teacher legislator, California had achieved by legitimate methods a revolutionary transfer of the land from the few to the many. C.C. Wright served only one term in the legislature in that spring of 1887. But the districts he envisioned with their tax on land values had achieved a remarkable revolution.

Harlan Trott Dies

Harlan Trott, longtime correspondent for the *Christian Science Monitor* and a former editor of the *Analyst*, the Northern California HGS newsletter died recently.

After coming to the West Coast as a *Monitor* correspondent, he was introduced to the ideas of Henry George by J. Rupert Mason, former school and International President. After "seeing the cat," his understanding of the political economy increased. "It gave his work an additional insight," said one of his colleagues at the School. "His writings were penetrating and often courageous."

Harlan had many friends among members of the school, particularly Robert Tideman, former director, and Bob De Fermery. He introduced many people to key water issues, still prevalent in California today. His article, "Doing It the Wright Way" relating to the 1887 LVT financing method for irrigation appeared in the *Frontier Magazine* and guided a number of people to "see the cat" in the water monopolists. His inspiration still appears on this page in a story by Bob Scrofani.

Harlan lived in Walnut Creek with his wife, Eleanor. He has two sons.

Incentive Taxation

Seven (7) New Advances!

Fifteen Pennsylvania Cities are Now Two-Rate

CITY	1980 POP.	TWO-RATE SINCE	CURRENT RATE ON LAND <i>value</i>	CURRENT RATE ON BLDGS <i>value</i>	SAME LEVY AS A ONE-RATE TAX OF	PERCENT OF TAX REVENUE FROM LAND <i>value</i>	\$ PER YR. SAVED BY BLDGS <i>value</i>
Pittsburgh	423,938	1913	184.5	32	59.3	55.7	\$46,329,155
Scranton	88,117	1913	66	12	26.1	66.1	\$4,037,807
Harrisburg	53,264	1975	32.25	10.75	14.6	39.2	\$2,326,237
McKeesport	31,012	1980	100	20.5	37.4	56.8	\$926,758
New Castle	33,621	1982	70.14	23.02	31.7	40.8	\$922,989
Washington	18,363	1985	83.14	16.8	29.9	54.8	\$608,293
Duquesne	10,094	1985	73.5	34.8	41.6	30.9	\$123,175
Aliquippa	16,000	1988	81	5	25.0	85.3	\$1,264,480
Clairton	12,188	1989	100	21.05	37.2	54.9	\$329,771
Oil City	13,881	1989	55.5	27.4	32.8	32.5	\$254,687
Titusville	6,884	1990	61.34	15	21.1	38.5	\$334,467
Coatesville	10,698	1991	40.61	25	28.0	28.1	\$43,004
DuBois	9,290	1991	32	14	18.0	39.8	\$134,152
Hazleton	27,318	1991	79	25	33.0	35.6	\$280,229
Lock Haven	9,617	1991	24.8	12	14.0	27.6	\$94,855

These cities give a total of \$58,010,060 in tax relief to buildings every year!

Now You Write Us!

The circulation of this periodical has now reached 6500. We'll have to cut back some on those who are getting it free or paying less than \$12/yr. Although we are delighted to have such a large and growing circulation, we simply cannot keep sending out so many below-cost copies to readers who never write us or act upon the evidence presented in these pages.

We have said that unless land values are taxed and taxed heavily--

• the free enterprise system as we know it now will be taxing the actual producers (workers and capital investors) more and more, making real production of goods and services increasingly less profitable. It's like shooting oneself in the foot.

• unemployment, poverty and homelessness will steadily increase as the burdens of taxes and escalating land prices grow inexorably.

But sometimes we get to feel we're writing on water. If you really believe the message you're getting (for which we have supplied ample empirical evidence), you would change things in your town by visiting your government officials and educating them about this issue. Or maybe you yourself are a government official.

But if you're not acting upon this information, why not? So now it's your turn. You write us. Do us a favor--tell us what you think of land value taxation, this periodi-

cal, social problems, etc. If you have been receiving Incentive Taxation at a subsidized price, invest 19 cents in a postcard stamp or maybe (if you have a lot to say) a 29-cent stamped envelope, and tell us what you think. Send us your name (or don't, whatever). You could also reply as follows:

- Please remove my name from your list; save your \$\$\$.
- There are other issues I'd rather deal with.
- I can't visit my councilman because--.
- Your idea is OK but I have this question: ---.
- I like what you're doing and will help when I can.
- Buzz off.

As you write, keep in mind the Larger Vision: a society where the production of goods and services need not be decreased, and all sites will be efficiently used.

In a later issue, we'll report on the replies received (no names mentioned unless requested).

INCENTIVE TAXATION



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Thank you, Dr. Cord!! - E. Bremer