

If this becomes law it will be a big step forward for the cause of democracy, as it will enable Single Taxers to secure direct representation in the legislative halls of the State. The chief advantage of such representation would be that it would enable our people to have someone who would receive the benefit of the free railway pass granted to all legislators, and with this pass we could get out into the country districts at much less expense than at present. We should therefore be able to do much more effective work for the Single Tax movement.

We watch with interest the account of the work done by co-workers in America, and are pleased to note that it is bearing fruit.

**SPEECH OF S. P. ELIAS, OF MODESTO IRRIGATION DISTRICT, AT
THE SAN FRANCISCO CONFERENCE.**

Representing the Modesto Chamber of Commerce, I am here today to speak to you of the Modesto Irrigation District, of its single land tax, and of the effect of the latter upon the development and progress of the community.

Through the publicity given to it in the writings of the chairman of your Speaker's Committee, the Modesto Irrigation District has become famous for its experiment in taxation, by the adoption of the single land tax, and I feel safe in asserting that this District was the first public corporation in the United States to adopt under permissive State law this sort of a tax on land as the exclusive means of raising revenue. Naturally, therefore, the experiment would be fraught with great interest to students of taxation and of economics generally.

Ignoring for the moment the discussion of the land tax of the Modesto Irrigation District, I desire to say by way of introduction, that Stanislaus County presents in its industrial and economic revolution, an interesting study. Its history exhibits the transition from a virgin and primitive state to one of intense cultivation of the soil and a high grade of civilization. Running parallel with this transition and development appears the desire on the part of the people for a more just method of taxation in the Irrigation District—a method which at once would prove more equitable and further promotive of urban development.

Originally settled by the miners who came down from the mountains that skirt the eastern extremity of the State—men who sought the new Eldorado after the privation of travel in the early days—grazing and stock raising were the industries of the sparse and scattered population of Stanislaus County at the earliest period of its history. As additional population came down from the mines, new lands were preempted from the Government and the large ranges divided into wheat ranches. By the year 1868, Stanislaus County had become the banner wheat growing district of California—and this leadership in wheat extended over a period of twenty years. As the

constant growing of wheat had robbed the soil of its nutriment, it became apparent to the land owners that irrigation was a manifest necessity to restore the soil and to retain productivity and prosperity. In 1886, therefore, the Legislature enacted the Wright Irrigation Law, under which the Modesto Irrigation District—the first in the State—was organized. This law provides for the public ownership by the people of water for irrigation purposes. After years of litigation, the law was safely settled, and the works of the district completed. This law permits a public corporation to organize in such a manner as to build irrigation canals, ditches, dams and all other necessary works for the distribution of water for irrigation purposes. This law also gives to such a corporation the power to tax for these purposes.

It was over ten years ago that the waters were first turned into the canals from the massive dam at La Grange. Then came an unexampled era of progress and development in the Modesto Irrigation District. With the land owning the water, and each acre entitled to water in proportion to the tax that it paid, and fructified by the waters from the canals, it blossomed forth with a fertility unparalleled. The progress of the district under irrigation is shown in the advancement made by the City of Modesto alone.

Ten years ago, Modesto was a typically quiet country village of a little over 1,700 people. Today it is a bustling cosmopolitan city—one of the cleanest and prettiest of the modern cities in the State—with a population of 8,000 people and a tributary population of over 10,000 or more. Its growth has been due exclusively to irrigation. So rapid has been this growth in this short period of time that it has been a Herculean task for the school authorities to provide accommodations for the yearly increasing numbers desiring to take advantage of Modesto's excellent educational departments.

While the Wright Irrigation Law was the first enactment of its kind in the United States providing for the municipal ownership of water primarily for irrigation purposes and while the Modesto Irrigation District was likewise the first quasi-public corporation in the country to adopt this plan of public ownership and distribution of water as provided therein, the operation of the law produced a widespread economic effect. It showed plainly the effect of increased taxation upon relatively non-productive property, and its ownership.

In order to complete the irrigation works required, it was necessary to levy a yearly increase in tax upon property in the district. This tax running as high as from three to four per cent. upon assessed valuation in the early period of the District's existence, it fell heavily upon many of the large landholdings to such an extent as to make their continued ownership unprofitable under the then mode of cultivation. The result was the placing upon the market for sale at reasonable prices many of these large tracts of land. This made possible the subdivision of the large land holdings to such an extent as to increase the population of the district by the smaller farmer and tenant. The result was a more intensive cultivation of the soil, thereby

increasing its productivity and rendering the land and its adjoining holdings more valuable. With an increased population living together in closer proximity—many parts of the district appearing upon first view to be but a scattered city—came other social and economic demands, which were quickly satisfied. In other words, the first fruits of the operation of the Irrigation Law were the subdivision of the land, the influx of population, the intensive cultivation of the soil, increased property valuations, the imperceptible blending of city and country life to the advantage of each socially. It is evident therefore, that the legitimate use of the sovereign taxing power by the people frequently operates beneficially as it has done in Irrigation Law.

It was early seen in the workings of the Irrigation Law, that while the development of the district was fairly rapid, the tax system hampered progress to a very large extent, and in fact, was alleged by many thoughtful persons to retard development. The plan of the Irrigation Law was to tax similarly to the system generally in vogue, land and improvements thereon, though no personal property was ever taxed. When the irrigation tax amounted from three to four per cent. of assessed valuation, and when this per cent. was added to the tax on the land, it fell heavily upon the farmer who wished to improve as it did upon the city dweller who desired to build. It helped the owner who erected a mere shack upon his place or held the land back for increased valuation due to increasing population. To remedy this evil, an enactment of the legislature was procured permitting irrigation districts to exempt improvements from tax whenever the voters choose to adopt the plan.

The Modesto Irrigation District was the first in the State to adopt this plan in the year 1911 and the Single Land Tax has been in operation since the year 1912, when it went into effect in this district. In 1911, Modesto district's country real estate was assessed for \$3,795,050; city real estate for \$848,545; improvements in country \$525,280; improvements in city \$854,690, making a total assessment of \$6,235,565. The tax rate was three per cent. in this year. The following year of 1912, when the Single Land Tax went into effect, country real estate was assessed at \$5,358,790, and the city real estate at \$1,590,330, a total of \$6,949,120. It is evident that the assessed valuation of improvements was the following year under the operation of the Single land tax, thrown back upon the land, although the assessed valuation of the land increased only by a total of over \$900,000, as against the loss of the previous assessed valuation of improvements of over \$1,200,000. The tax on improvements has ever since been thrown back upon the land exclusively. The tax rate for the year 1912 was $2\frac{1}{2}\%$. This reduction in the tax rate was not caused by the adoption of the Single Tax, but was due to the fact that no special assessment was levied during that year. The total assessed valuation for 1914 is country real estate, \$5,362,390, city real estate, \$1,598,855; total \$6,961,245.

The result of the adoption of the Single Land Tax in the Modesto Irri-

gation district may be briefly summarized. It promoted and encouraged development from the outset. Under the old scheme when the farmer borrowed money with which to improve his holdings, his improvements were subject to a tax. This really penalized improvement in that it added the tax per cent. to the interest already being paid, resulting practically in an increased interest in proportion to percentage of tax imposed. With the tax on improvements removed, improvements progressed rapidly and in the city of Modesto, nearly two large blocks of business houses including two new hotels, and a number of new and beautiful residences were erected. It likewise helped the small owner, for it removed his improvement tax.

It compelled a large number of land owners to immediately dispose of their land which theretofore had been idle upon the market or to devote it to more productive purposes. It also placed upon an equality the man who improved with the man who failed to improve, for each holding was taxed according to the value of the land and not according to improvements thereon. Throughout the district and in the city of Modesto, it encouraged building—and what was more desirable, the erection of substantial homes and other creditable improvements upon the farms. It can be truthfully said that the single land tax has had a most salutary effect upon the development of the district and on the city of Modesto. It has worked well in the Irrigation District.

I am frank enough to say that Modesto during the past several years has given to the Single Tax as applied to the Irrigation District the credit for most of its prosperity, and I will also say that the people of the Modesto Irrigation District are highly pleased with its operation.

In conclusion I desire to invite the members of the convention to visit Modesto and the Modesto Irrigation District. You will have presented to you in a concrete form an illustration of the industry and development which in this latter day is weaving and producing the material greatness of the Golden State of California.

RESOLUTIONS.

IN MEMORY OF JOSEPH FELS.

The only resolution that would have pleased Joseph Fels is the resolution that we would carry the torch that he never laid down but passed on into our hands.

The only Memorial that seemed to him worth while is that monument in which he, though dead, is, like every other working Single Taxer, now and always, a living stone.

In Joseph Fels' removal we recognize that our loss is simply a personal one and that his spirit goes on with us toward certain victory.