

Legitimate Revolution

by ROBERT TIDEMAN

LET me tell you about two little revolutions, both growing out of a deep sense of injustice—one irrational, disorderly and a failure; the other rational, legitimate and a success. The one that didn't come off occurred in Ecuador 40 years ago. The one that succeeded—whose fruits we still enjoy—took place in California's Central Valley several years earlier.

Forty years ago the large Cayambe Valley in Ecuador was almost entirely owned by two families. It is also a relatively densely populated valley, filled with Indian tenant farmers and minifundia. Lester Mallory of the State Department told this story:

"Some shysters, posing as Socialist idealists, went to Cayambe and told the Indians they had discovered a deed proving that the whole valley belonged to them and that if enough contributions were made they would prove the case in court. The Indians scraped the bottoms of their almost empty pockets and moved into the big estates, gaily, as if going to a fair and staked out sizable plots for themselves. The shysters decamped, the Indians were driven off the land by troops, and the uprising came to an end—but not the feeling among the Indians that they had a right to the land, and we are told that the Cayambe Valley today is a hotbed of Communist agitation."

The scene 60 years ago in California's Central Valley was comparable. We think California is a state of large landholdings today—and it is—but 60 years ago it was much more so. Henry Miller, the Cattle King, could drive his herds from Oregon to Mexico and camp each night on his own land.

But there were a number of small holders who wanted to farm the land and needed water to do so. They formed irrigation districts, with taxing powers, to build canals and dams. At first they levied the taxes on land and buildings together, but this was felt to be unfair. After a time they exempted improvements and levied on land only.

Henry Miller and the other great landholders didn't like the law. They contested it all the way up to the Supreme Court, calling it "communism and confiscation under guise of law." But they lost. They were compelled by the irrigation district taxes to let go of land they were not using, or not using very well.

In testimony presented before an Assembly Interim Committee on Water three years ago, Robert Durbrow, Executive Secretary of the Irrigation Districts Association, told of the revolutionary effects of this law.

"Irrigation districts," he said, "do not tax improvements on the land, and this has been a primary reason why this type of district promotes development. All land in a district is assessed (taxed), whether it is irrigated or not, and this tends to put idle lands into production, or cause them to be put up for sale, as landowners can't continue to pay substantial taxes and not have the land in production. In irrigation districts, too, all registered voters can vote at district elections, whether they are landowners or not. As land goes into irrigation production, families of workers are required to farm the lands, and these families form the nucleus for colonization of land as it becomes available through

sale, inheritance or tax deed."

Bert Smith, who was at the time editor of Western Water News, published by the Irrigation Districts Association, made the same kind of report at an international conference in San Francisco five years ago.

"In the assessment techniques which were provided in the state law," he said, "we find one of the very basic concepts of the irrigation district movement. Irrigation districts assess on the basis of the cash value of the land, exclusive of the improvements. Beyond a doubt, this type of assessment resulted in the dividing of the large farms of the early days and the passing of the land from the few to the many. The large, unirrigated farm was definitely penalized in the operation of the assessment. The small farmer who worked to plant his orchard or his crops and build his buildings was encouraged—improvements were not penalized. This concept in the irrigation district act has persisted and continues today to be one of the basic factors in our district system."

The California law achieved by legitimate methods precisely what the Indians of the Cayambe Valley in Ecuador failed to achieve by direct action 40 years ago. It achieved a revolutionary transfer of land "from the few to the many."

Look at it this way. In Ecuador's Cayambe Valley revolution the troops pointed their guns at the poor and landless who trespassed on the great estates of the rich. But in California's Central Valley revolution, if the sheriff was there, his guns were aimed at the rich and powerful who tried to interfere after their uncultivated holdings were sold for taxes.

Land value taxation is one of the great institutions Professor Buchanan is looking for when he says, "it would be a great thing if we could discover what it is that would bring revolution in as a legitimate process."*

*Scott Buchanan and Joseph Lyford, "On Revolution," a pamphlet published by the Center for the Study of Democratic Institutions in Santa Barbara, a creation of Ford Foundation's Fund for the Republic.



CANADIAN STUDENTS BRIEF ROYAL TAX COMMISSION

Members of The Alumni Group have formed a Taxation Committee of Toronto, representing the School of Economic Science, and have prepared an impressive brief for submission to the Royal Commission on Taxation. Pointing out that "the Canadian citizen is now at the breaking point where he pays taxes on profits and taxes on taxes on profits," the problem and solution are outlined followed by a detailed explanation of the factors of production.

The Alumni Group recommends that the government vacate the sphere of business which can best be carried out privately in a free and competitive market, and remove all special privileges and subsidies. It further recommends free trade with other nations and between individuals within the country, and advocates that "the government must appropriate to itself, in the form of taxes, those values created by society as a whole, and control, by means of taxes, those natural monopolies that are properly the only business of government."

J. W. Ramsay is chairman of the committee which includes Peter Van Meggelen, John Cameron and William T. Phillips.