

Chapter 2

THE GENESIS OF HOME RULE IN CALIFORNIA

“Home rule” in its simplest explanation refers to a delegation of authority granted to local governments by a state, either through its constitution or by legislative action. The bundle of powers varies from state to state (and not all states grant home rule), but the range covers all the structural, functional, fiscal, and personnel aspects of government operations. Historically speaking, however, the term “home rule” has no distinct meaning in American governmental theory. The turn-of-the-century political phenomenon known as the home rule movement is associated with other progressive reactions to Gilded Age politics. Broadly conceived, home rule usually entailed passing state constitutional amendments designed to break the political influence wielded by industrial giants and other corporate interests, to rid the halls of city and state governments of corrupt politicians, or to reduce the volume of state legislation pertaining to purely local matters. Particular circumstances in individual states and cities shaped a variety of municipal reform responses which constituted the home rule movement. No specific agenda guided adherents: “To some . . . it was never more than a slogan. To others it was an avenue of escape from the power of some particular political

ring.” For still others, “it offered greater flexibility in local governmental organization.”¹

California is among the forty or so states that are considered to be home rule states. The California State Legislature of the late nineteenth century easily qualified as one of the more corrupt. Much has been written about the political power of the so-called Big Four, but, as George Mowry has noted, “Every Huntington, Crocker, Hopkins, and Stanford had hundreds of purchasable smaller counterparts in editors, jurists, legislators, and city councilmen.”² California’s progressive reformers had plenty to tackle. The constitutional genesis of home rule in California is clear, but the specific circumstances precipitating as well as shaping its reform mode bear closer examination.

Until 1879, the California Legislature set boundaries and granted powers to individual counties and cities by special acts. In 1850, the Legislature created the state’s original twenty-seven counties; but between 1851 and 1874, it passed numerous acts that created more than twenty new counties, some of which were never organized, and shifted countless boundaries. Provisions of the 1879 state Constitution were meant to halt the proliferation of special legislation for local government, although it took an amendment (1893) to accomplish the intent. The new Constitution required the Legislature “to establish a system of county government which was to be uniform throughout the state.” Provisions covering larger cities and combined city-county governments (the latter pertained to San Francisco only), however, specified that such corporate entities could frame municipal charters “consistent with and subject to the Constitution” for their own government. Once approved by the Legislature, charters assumed the force of organic law.³

During the 1890s, a series of lawsuits prompted California courts to begin delimiting, in ad hoc fashion, freeholders’ charter powers that were

¹ John D. McGoldrick, *Law and Practice of Municipal Home Rule, 1916–1933* (1933; New York: AMS Press, 1967), 3.

² George E. Mowry, *The California Progressives* (Berkeley: University of California Press, 1951), 12.

³ *California Constitution*, 1879, article XI; UCLA Bureau of Governmental Research, *County Government in California* (Sacramento: County Supervisors Association, ca. 1951), 3–9. A special act of 1856 merged the San Francisco City and County governments; see Theodore H. Hittell, *History of California*, v. 3 (San Francisco: N.J. Stone and Co., 1898), 650–656.

only implied in the 1879 Constitution. As a result, an 1896 constitutional amendment specified for the first time certain functions constituting municipal affairs. It provided chartered governments with the authority to set the qualifications for, establish terms of office for, and generally regulate local courts and judges, police commissions, election boards, and boards of education.⁴ The courts and the Legislature were further to define the sphere of local government during the twentieth century, and the direction that process took was partly influenced by land and tax problems that remained unresolved during the nineteenth century.

THE GENERAL PROPERTY TAX

Tax provisions written into the 1849 Constitution determined that tax administration would be carried out by local governments even though the revenue would be used to finance the state government. These provisions resulted from negotiations between northern and southern politicians to ensure that Northern California mining districts generated taxes in proportion to Southern California cattle ranching areas. Delegates to the constitutional convention agreed in principle that taxation should be “equal and uniform throughout the state,” and that all property should be taxed “in proportion to its value, to be ascertained as directed by law.” Tax assessment and collection, however, were placed in the hands of city and county governments. The latter provision satisfied southern delegates, who believed it would prevent Northern California political dominance in state fiscal matters. The provision also ensured, however, that political expediency on the local level, not state revenue needs, would ultimately govern the central matters of taxation. The perceived necessity for compromise led convention delegates to ignore the inherent problem: how to achieve equitable taxation statewide while vesting control over assessment and collection with local governments. The 1849 Constitution, furthermore, made no provision for a central body to monitor taxation, and local political interests thwarted

⁴ Howard Lee McBain, *The Law and the Practice of Municipal Home Rule* (New York: Columbia University Press, 1916), 222–252; *California Constitution*, article XI, section 8 1/2.

the state's best efforts to carry out the equal-and-uniform mandate throughout the nineteenth century.⁵

The 1850 General Property Tax Law enacted to implement the constitutional provisions described real and personal property subject to taxation, established procedures for assessment, and introduced a host of tax exemptions. Realty was defined as "all lands within the state, and all buildings or other things erected on or affixed to the same." Personalty was defined to include household items; all water vessels; money and interest; and public stock in turnpikes, bridges, insurance companies, and monied corporations. Despite the inclusive definition of real property and despite the equal-and-uniform constitutional clause, the same law nonetheless exempted considerable property from taxation. The Legislature granted most of these exemptions to educational, charitable, or scientific institutions, and to state and federal lands. Such exemptions were eminently justifiable, but the inherent legal contradiction opened the door to other claims for exemption. Realty and personalty, moreover, were to be assessed at their "true money value" as ascertained, in writing, by owners rather than by impartial assessors. The 1850 law thus compounded problems by allowing property owners, in effect, to determine property value for assessment purposes, although the Legislature did empower county boards of equalization to review assessment figures and raise or lower individual assessments if deemed necessary.⁶

Following enactment of the 1850 General Property Tax Law, various groups pressed for tax exemptions, and eventually the list of tax exempt properties reflected a system that granted preferential treatment arbitrarily. The revenue act of 1861, for instance, exempted property owned and used by the True and Accepted Masons, the Independent Order of Odd Fellows, and the Society of California Pioneers, presumably based on the claim that these were charitable organizations, although the property of other benevolent, fraternal orders was not tax exempt. The exemptions granted to min-

⁵ William C. Fankhauser, *A Financial History of California: Public Revenues, Debts, and Expenditures*, University of California Publications in Economics, 3, no. 2 (Berkeley: University of California Press, 1913): 118–124; Gerald D. Nash, *State Government and Economic Development: A History of Administrative Policies in California, 1849–1933* (Berkeley: University of California Institute of Governmental Studies, 1964), 8–10; John S. Hittell, *The Resources of California*, second edition (San Francisco: A. Roman and Co., 1866), 144.

⁶ *California Statutes*, 1850, 135; Fankhauser, 131–134.

ing claims, however, engendered much criticism. Northern mining counties controlled the Legislature until 1860, and as a result, mining interests succeeded in shifting the burden of property taxation to Southern California counties. Throughout the 1850s, Northern California representatives to the Legislature outnumbered Southern California representatives forty-four to twelve. With their representatives virtually powerless in Sacramento, landowners in Southern California agricultural counties ended up paying twice the taxes of northern mining counties. Mining claims were tax exempt until 1860, when legislators representing both agricultural and commercial interests finally banded together to secure modest amendments requiring that claim improvements be subject to taxation.⁷ Tax exemptions were usually worth the political inconvenience it took to secure them.

Since the Legislature had no mandate to create a central agency to oversee tax assessment procedures, oversight fell to county governments, the boundaries and number of which changed regularly until the mid-1870s. Assessors proceeded to ignore with impunity the constitutional requirement for equal and uniform taxation and simply levied assessments at levels necessary to raise the number of dollars required each year by the state. Between 1850 and 1870, assessment was additionally hampered by unsettled land-grant claims, which left in doubt the actual ownership of many thousands of acres. On the one hand, settlers eager to take advantage of liberal U.S. government land policies often staked their claims near, if not on, lands previously granted to others by the Mexican government, since these tracts covered much of the land most suitable for cultivation in the Sacramento, San Joaquin, and coastal valleys. Land grant claimants, on the other hand, frequently attempted to float their claims over acreage improved by later settlers. Under Mexican procedures, land grant petitioners were required simply to describe with a holographic map the area each desired. Property descriptions contained in land grants, as a result, were imprecise, making it relatively easy for claimants to shift property lines to a certain degree. Three decades of litigation were required to resolve land ownership conflicts. Market values, moreover, were unstable, in part because population was increasing rapidly and in part because the market

⁷ *California Statutes*, 1860, Chapter 369, and 1861, Chapter 301; Robert Glass Cleland, *The Cattle on a Thousand Hills: Southern California, 1850–1870* (San Marino: Huntington Library, 1941), 163–164, 346–349.

was new. Uncertain land ownership and erratic property values therefore created an atmosphere of general and constant confusion that easily led to corruption among tax assessors and collectors, whose only legal responsibility was to raise a given amount of tax revenue each year. The resulting inequities generated mounting criticism throughout the 1860s.⁸

The favoritism shown railroad companies generated additional dissatisfaction with state tax policies. County assessors, some charged, consistently undervalued railroad lands. In addition, the state sanctioned subsidies for railroad construction. An act of 1859 allowed counties to issue bonds to purchase stock in or grant direct subsidies to railroads. Twenty-four such bonds were issued during the next two decades, totaling more than \$4.5 million; over one-half of the issues were for direct subsidies. Then, in 1864, the Legislature imposed a special tax of eight cents per 100 dollars of taxable property to subsidize construction of the Central Pacific Railroad from Sacramento to the Nevada state line, this in addition to federal government subsidies. In 1865, the state attorney general sought to have the act declared unconstitutional on the grounds that it violated a provision prohibiting the state from loaning its credit to individuals or corporations. The court, however, upheld the law in *People v. Pacheco* (27 Cal. 176), a move that touched off a campaign against state subsidies to railroads.⁹

The spreading land cartel also aroused a host of anxieties among some segments of the populace. Land ownership concentration has often been cited as the chief obstacle to economic development in California during the first decades of statehood, although some historians have advanced arguments that partially revise the image of large landholders as greedy

⁸ W.W. Robinson, *Land in California* (Berkeley: University of California Press, 1948) contains a full account of the land ownership problems that came with statehood. See also Paul W. Gates, "Pre-Henry George Land Warfare in California," *California Historical Society Quarterly* 46 (June 1967): 121-148; Hittell, *Resources*, 453-461; Hittell, *History of California*, v. 3 (San Francisco: N.J. Stone and Co., 1898) also contains a lively account of squatters' riots in Sacramento as well as accounts of Californians who were defrauded of their land grants by unscrupulous lenders and attorneys; see especially 666-690; Arthur Nichols Young, *The Single Tax Movement in the United States* (Princeton: Princeton University Press, 1916), 31-34; and Frank Adams, "The Historical Background of California Agriculture" in Claude Burton Hutchison, ed., *California Agriculture* (Berkeley: University of California Press, 1946), 25, 27.

⁹ Cleland, 387, 410; Fankhauser, 207-211.

speculators. Robert Cleland, for instance, maintains that a chronic lack of capital and usurious interest rates prevented land subdivision and hindered settlement in the southern counties. Arthur N. Young, in contrast, argues that federal government indifference and procrastination, more than landowner greed, prevented a quick resolution of land grant claims, thereby fostering the climate of hostility which kept claimants and settlers in litigious warfare for nearly thirty years. Paul Gates nevertheless estimates that during the 1860s about eight million acres of public land passed into private ownership, enough land for 50,000 farms of 160 acres each. Only 7,008 new farms were established during this decade, however, and of that number, only 2,848 were homesteads. Fully one-half of these eight million acres ended up in the hands of but forty-one individuals and firms, many of whom acquired title to hundreds of thousands of acres each through the use of dummy entrymen and by speculating in land warrants and land scrip. By 1870, regardless of who or what should be held accountable for nineteenth-century land concentration, land monopolization gave people reasonable cause for alarm.¹⁰

Among other problems, large landholdings were often underassessed for tax purposes. Settlers charged that county assessors routinely succumbed to the political and economic influence of large landholders and either omitted from assessment rolls or undervalued vast tracts of land, charges which the first State Board of Equalization later substantiated. Assessors, of course, justified higher assessments on settlers' smaller acreages by noting easily observable improvements in the forms of buildings, livestock, implements, or crops (although growing crops were declared tax exempt by 1854 and 1861 revenue laws). Settlers were not, however, without blame. All too frequently they staked claims that did not respect land-grant

¹⁰ See Cleland, 213–217, and Young, 31–34; Paul W. Gates, “Public Land Disposal in California,” *Agricultural History* 49 (1975): 158–178. Figures compiled by Ezra S. Carr, *The Patrons of Husbandry on the Pacific Coast* (San Francisco: A.L. Bancroft and Co., 1875), 301–303, show that, as of the early 1870s, forty-one individuals or firms controlled about four million acres. Twelve of the forty-one landowners controlled at least two million acres. Two of the largest landowners were James F. Houghton, ex-state surveyor, who eventually acquired title to an estimated 200,000–300,000 acres, and Edward Fitzgerald Beale, ex-U.S. surveyor general, whose acquisition of four Mexican land grants totally 270,000 (which became Tejon Ranch) aroused great suspicion among those critical of state and federal land policies.

boundaries. Settler-made improvements, however, were taxable to the legal owner. Land-grant claimants were therefore obligated to pay taxes on such improvements until the land commission or the courts determined legal ownership, a process that could and often did take years to resolve.¹¹

CALIFORNIA LAND POLICY

Uncountable instances of land-grant floating, bogus-grant fraud, land-scrip speculation, and swampland swindling kept the courts busy. They aroused the ire of San Francisco journalist Henry George, who turned his attention to studying the potential long-term economic and social consequences of state politics. In *Our Land and Land Policy*, first published in pamphlet form in 1871, George denounced opportunists who subverted federal and state land policies, sometimes in collusion with government officials to obtain, by deceit or outright fraud, vast tracts of the state's best lands. Immense railroad grants also bothered George, who observed that railroad company owners had found a variety of ways to bankroll the land and get their railways constructed with capital from elsewhere. Retarded land settlement and economic development were the least of the evils resulting from such conditions. Far worse, George believed, were the social consequences of a landed aristocracy supported by a degraded working class. California agriculture already was beginning to resemble the southern plantation system, with grain ranchers employing mostly seasonal laborers who earned meager wages. Other large landholders refused to subdivide and lived exclusively off the rental income generated by tenants. Railroads often withheld their land from market until settler-improved homesteads began to increase the market value of surrounding land. For George, the bitter irony was that government encouraged land monopolization "while prating of the equal rights of the citizen and of the brotherhood of man."¹²

George perceived a host of evils springing from the chaos generated by the land situation. To vent the full force of his wrath against those he believed responsible for this chaos — the federal and state governments,

¹¹ Cleland, 162–163, 166–167; Hittell, *Resources*, 459; *California Statutes* 1854, Chapter 63, and 1861, Chapter 301.

¹² Henry George, *Our Land and Land Policy*, v. 1 of *The Complete Works of Henry George* (1871; New York: Doubleday Page and Co., 1904), especially 36–74, 94–97.

railroad companies, and a handful of large landowners — he idealized settlers as uniformly honest, hardworking individuals (implicitly Anglo-European) seeking only to own a modest farm with which they might raise their standard of living and provide better opportunities for their children. They came West, in other words, seeking the American Dream, which government land policies first offered, then denied them. This uncritical image of settlers contributed to the solution George posed. Public land, he argued, should be given, not sold, in limited quantities to bona fide settlers only. Industrious settlers would develop the land and the economy, thus creating a demand for internal improvements and public institutions, such as agricultural colleges. The state, in turn, could easily finance the cost of physical improvements and public buildings by taxing the value of the land only. Although George was not ready to articulate fully the single tax proposal he espoused in *Progress and Poverty* (1879), he nonetheless argued in *Our Land and Land Policy* that a tax on improvements was a tax on labor and production, an unfair penalty that could only retard land improvement and economic development. The tax penalty should fall on those who allowed land to sit idle. Orderly economic and physical development would proceed naturally if the state would abolish all taxes except one, a tax on the source of all other wealth: land.¹³

Our Land and Land Policy stands as a compelling description of California land policies and politics during the 1860s. In another era, it might have summoned forth a host of zealous reformers. However, no groundswell for reform immediately followed its publication, and the pamphlet sold scarcely 1,000 copies.¹⁴ Those eventually most receptive to George's ideas were those who stood to benefit most: propertyless urban workers who would be freed of the burden of taxation. During the 1870s, they became his chief audience. Nevertheless, a few farmers were attracted to his ideas, especially those who belonged to the California Grange, which worked to change the state's tax system during the 1870s. Other farmers who might have embraced George's proposal balked, however, at the idea of paying taxes while those who did not own land paid none.

¹³ George, 98–124.

¹⁴ See Charles Albro Barker, *Henry George* (New York: Oxford University Press, 1955), 146, 148.

AGRARIAN REFORM POLITICS

While George was working out his single tax theory in hopes of seeing it used as an instrument of tax reform that would eliminate a complex set of land problems, public attention focused much more narrowly on tax assessment problems. By the late 1860s, widespread tax assessment abuses were so notorious that they could no longer be ignored. Governor H.H. Haight thus persuaded the Legislature to establish the first Board of Equalization in 1870. The board immediately launched a vigorous investigation of county assessment practices. It found that realty was assessed at rates which varied from 33 to 80 percent of full cash value and, further, that “no general rule governed the Assessors in the valuation of either real or personal property.” “Marked inequality,” in the board’s estimation, resulted from “failure . . . to assess land at its full value,” from “assessing large tracts at a much less rate per acre than small ones,” and from “permitting considerable amounts of land to escape assessment altogether.”¹⁵

Those individuals who benefited most from the state’s loose land distribution system, however, worked through the courts to eliminate the Board of Equalization. They succeeded in 1874, when the California Supreme Court, in *Houghton et al. v. Austin* ruled that the board, in ascertaining amounts to be collected and fixing tax rates, was acting in a legislative capacity and was, hence, unconstitutional. The board continued to exist as an advisory agency, but its power to effect change dissipated after 1874.¹⁶

The 1870s were economically and politically turbulent years, and farmers as well as urban laborers increasingly expressed dissatisfaction with the tax system. Wild speculation in mining stock from 1872 to 1875 sent the market soaring. Then, in one month, February 1875, the market collapsed, and the business economy immediately entered a decline, thus signaling California’s belated entry into the national depression initiated by the Panic of 1873. In August 1875, the Bank of California, then the largest monetary institution on the West Coast, closed its doors. Other businesses failed, and unemployment ran high. Severe drought in the winter of 1876–1877 adversely affected the agricultural economy as well.¹⁷

¹⁵ *California Statutes*, 1870, Chapter 489; and State Board of Equalization, *Report for the Years 1872 and 1873* (Sacramento, 1873), 4–7.

¹⁶ Fankhauser, 238–241.

¹⁷ Fankhauser, 228–229, 256–257; Nash, 163.

TABLE 6. STATE PROPERTY TAX VALUES, RATES, AND RECEIPTS, 1860–1900

Year	Valuation of Property (millions rounded)	State Property Tax Rate	State Portion Property Tax Receipts	State Railroad Property Tax Receipts	Total State Property Tax Receipts
1860	\$ 148,194	0.600	\$ 668,801	*	\$ 668,801
61	147,812	0.600	727,880	*	727,880
62	160,369	0.770	686,564	*	686,564
63	174,105	0.920	878,131	*	878,131
64	180,485	1.250	1,261,938	*	1,261,938
65	183,509	1.150	1,641,831	*	1,641,831
66	200,764	1.130	1,608,078	*	1,608,078
67	212,205	1.130	1,807,694	*	1,807,694
68	237,483	1.000	1,925,239	*	1,925,239
69	260,564	0.970	1,933,222	*	1,933,222
1870	277,538	0.865	2,081,168	*	2,081,168
71	267,868	0.865	1,994,853	*	1,994,853
72	637,233	0.500	2,023,775	*	2,023,775
73	527,200	0.500	2,350,911	*	2,350,911
74	607,232	0.649	2,677,073	*	2,677,073
75	618,083	0.605	3,243,581	*	3,243,581
76	595,073	0.735	2,985,352	*	2,985,352
77	586,953	0.630	3,948,032	*	3,948,032
78	584,578	0.550	3,318,387	*	3,318,387
79	**	**	3,006,474	*	3,006,474
1880	666,183	0.640	3,131,734	*	3,131,734
81	659,522	0.655	3,636,008	*	3,636,008
82	607,462	0.596	3,685,367	*	3,685,367
83	764,764	0.497	3,305,507	*	3,305,507
84	821,079	0.452	3,527,349	\$ 20,206	3,547,555
85	859,512	0.544	3,271,719	16,546	3,547,555
86	816,447	0.560	4,222,198	439,165	4,661,263
87	955,456	0.608	4,064,938	63,421	4,001,516
88	1,107,106	0.504	5,134,103	23,990	5,168,093
89	1,115,014	0.722	5,038,424	218,028	5,256,453

Year	Valuation of Property (millions rounded)	State Property Tax Rate	State Portion Property Tax Receipts	State Railroad Property Tax Receipts	Total State Property Tax Receipts
1890	1,099,773	0.580	7,211,414	292,606	7,504,020
91	1,241,231	0.446	5,793,887	232,934	6,026,821
92	1,275,833	0.434	4,950,096	183,814	5,133,911
93	1,211,572	0.576	4,965,259	187,295	5,152,555
94	1,204,977	0.493	6,568,701	482,550	7,051,252
95	1,132,713	0.685	5,687,388	1,282,325	6,969,713
96	1,263,799	0.429	7,310,749	1,245,751	8,556,500
97	1,087,456	0.510	5,180,781	650,683	5,831,464
98	1,129,474	0.488	5,292,604	758,394	6,050,998
99	1,194,678	0.601	5,150,651	717,864	5,868,515
1900	1,218,228	0.498	6,797,033	846,082	7,643,115
*figures not separated from total					
**no figures available					
Source: Fankhauser, <i>A Financial History of California</i> (Berkeley: University of California Press, 1913), 195, 247, 252, 292, 298, 334, 344.					

Property tax receipts, the principal source of state revenue, increased from \$2,677,073 in 1874 to \$3,243,581 in 1875, then decreased to \$2,985,352 in 1876 (see Table 6). Although taxation was a major issue of the 1875 political campaign, pre-election promises were largely ignored by elected officials from both major parties. Thus, despite an unstable economy, the Legislature increased the property tax rate for the 1876–77 fiscal year; as a result, 1877 property tax receipts rose nearly one million dollars, to \$3,948,032. Tax delinquencies, however, remained high from 1872 through 1876. Delinquent state taxes on real property jumped from \$126,006 in fiscal year 1871–72 to \$270,700 in 1872–73, a jump partly explained as a reaction to State Board of Equalization adjustments. Tax delinquencies on real property dropped during the next two years, but never down to the 1871–72 level: from 1874 to the end of the decade, they fluctuated between about \$192,000 and \$221,000.¹⁸

The Central Pacific Railroad monopoly on market transportation precipitated action among farmers. Disgruntled grain growers in the

¹⁸ Fankhauser, 247–252.

Sacramento area began organizing ad hoc farmers' clubs in 1871; and, in 1872, eleven such clubs banded together as the California Farmers' Union. Their plans to establish marketing cooperatives coincided with the chief objective of the Patrons of Husbandry (Grange), a larger and more powerful nationwide association; hence, the Farmers' Union agreed to dissolve into the Patrons of Husbandry, and the California State Grange was organized in 1873. Between early 1871 and autumn of 1874, 231 subordinate granges were organized with a total membership of 14,910 individual farmers, concentrated in the Northern California counties of Napa, Sonoma, Santa Clara, Sacramento, San Joaquin, Santa Cruz, Sutter, and El Dorado — the state's principal agricultural areas at the time. Los Angeles was the only Southern California county with a substantial membership. In the beginning grain farmers dominated the membership and dictated policies; the earliest activities were those carried over from the Farmers' Union. The California State Grange sponsored marketing agreements and cooperative business ventures designed to force the price of wheat higher as well as reduce production and marketing costs. When these ventures failed, membership dropped significantly; by 1876, membership reached a mere 7,660.¹⁹

Political reform activities, however, fired the enthusiasm of a dwindling membership. Their major goal during the early and mid-1870s was

¹⁹ Carr, 75–86; California State Grange, *Proceedings of Annual Sessions* (first through tenth annual sessions bound together; S.F.: various printers), 1873, 1874, 1875, passim. The Grange was not as strong in California and the West as it was elsewhere in the United States during the nineteenth century. Nevertheless, at its peak, 1874–1875, State Grange members may have accounted for as many as one-fourth of the state's farmers. According to 1870 U.S. census data, California had 27,929 people engaged in agricultural occupations excluding laborers, overseers and stockherders. California Grange *Proceedings* show membership, including men and women, as follows: 1873, 3,168; 1874, 14,910; 1875, 15,193; 1876, 7,660; 1877, 6,761; 1878, 5,467; 1879, 3,262; 1880, 1,276.

Robert L. Tontz, in "Memberships of General Farmers' Organizations, United States, 1874–1960," *Agricultural History* 38 (1964): 154, compiled membership figures from National Grange official records that show lower California membership numbers, perhaps because the national headquarters counted only paid, family memberships. His figures show 7,488 family members in 1875, declining to 5,245 in 1876, and 1,120 in 1877, up to 2,053 in 1880, then down to 1,380 in 1890. If one accepts a conservative 1875 figure of 7,488 and considers that the number of farmers in the state increased to at least 30,000 by 1875, one arrives at a reasonable estimate of Grange strength.

the reduction of railroad fares and freight charges, a goal the Grange shared with the Peoples' Independent Party. Central Pacific's control over the carrying trade also prompted organization of the Peoples' Party, an alliance formed in 1872 to promote agricultural and industrial interests. Both groups pressed for the establishment of maximum rates and other restrictive legislation. Their efforts influenced the Legislature to appoint a railroad commission in 1876, but it was given no authority to determine rates.²⁰

By 1876, Grange efforts to gain some control over market prices and railroad rates had ceased, and membership had declined considerably. Constantly rising property taxes, however, gave the remaining members new cause for concern. In addition, the state's business economy was in recession; crop failures during the next season sent the agricultural economy into decline. California Grange political activities during the late 1870s correspondingly began to focus on equalizing property tax assessments and lowering mortgage interest rates. The list of reform demands drafted at the 1878 annual convention for the 1879 Constitutional Convention included "equal taxation of all farming lands of equal producing capacity, when similarly situated," tax exemption guarantees for growing crops and improvements to land, a graduated income tax, and limitations on state and local government spending and taxing powers. State Granges throughout the country demanded tax reforms during the 1870s, but few were able to translate demands into legislative or constitutional changes. Political corruption tied to nagging land problems may have contributed to the eventual success of the agrarian tax reform movement in California. More important to success, however, was the Grange's willingness to join forces with the Workingmen's Party, Denis Kearny's short-lived but powerful organization of unemployed urban workers. Together, the Grange and the Workingmen's Party wielded influence far beyond the strength of their numbers, enough to convene and control a constitutional convention.²¹

²⁰ Solon J. Buck, *The Granger Movement, 1870–1880* (Cambridge: Harvard University Press, 1913), 197–198.

²¹ California State Grange, *Proceedings, 1877–78*, especially 21–23, 26–27, 43–44, 46, and 1878–79, especially 27–28. See also Clarke A. Chambers, *California Farm Organizations* (Berkeley: University of California Press, 1952), 10–11; Fankhauser, 255–58; Hittell, *Resources*, 422–423; and Buck, 105.

When the convention opened in September 1878, the Grange and the Workingmen's Party immediately formed a majority bloc. Their objectives centered almost exclusively on taxation. It is not surprising, therefore, that the revenue and taxation provisions of the 1879 Constitution differed markedly from those adopted thirty years earlier. First, the delegates rejected the notion that taxation should be equal and uniform. The new Constitution provided that taxation apply uniformly within each class of subjects. The 1879 Constitution also called for both state and county boards of equalization, with the state board empowered to increase or lower the entire assessment rolls of individual counties and, in addition, order counties to raise or lower individual assessments. A third provision of the new Constitution addressed farmland taxation specifically. It required that land and improvements be assessed separately and that both cultivated and uncultivated lands of the same quality and similarly situated be valued accordingly and assessed at the same rate. These provisions were meant to prevent further tax assessment abuses, but Grange and Workingmen delegates also hoped these tax provisions would help to break up large landholdings and induce owners to improve their farm properties. Separate assessment of land and improvements dates to as early as 1852 in scattered California localities, but the farmer-labor coalition added provisions they perceived would penalize land speculators and break up large monopolies.²² These provisions, it would seem, were the result not only of "a generation of land agitation," as one tax historian has phrased it,²³ but of nearly a decade of George's advocacy for using the tax system to break up monopolies and redistribute wealth.²⁴

The new Constitution coincided, in fact, with the appearance of *Progress and Poverty*, Henry George's classic treatise on the single tax, in which he argued for the abolition of all taxes except a tax on the site value of land. Although the constitutional provisions regarding taxation did not represent an attempt to establish the system George advocated in *Progress and Poverty*, it seems highly likely that his earlier writings influenced the

²² Fankhauser, 258–273.

²³ Young, 63–64.

²⁴ A conclusion shared by Paul W. Gates; see "California Land Policy and Its Historical Content: The Henry George Era" in *Four Persistent Issues* (Berkeley: University of California Institute of Governmental Studies, 1978), 22.

farmer–labor coalition responsible for the new tax provisions. *Our Land and Land Policy* launched George into a journalistic phase which brought his ideas to the attention of Workingmen’s Party leaders, who offered him a nomination to the 1878 convention. George declined, however, ostensibly to work on the manuscript for *Progress and Poverty*. Nonetheless, it is safe to conclude that at least some Workingmen’s Party delegates to the convention were familiar with George’s ideas regarding the connections between land monopoly and a multitude of economic problems. As for Grange delegates, the resolutions they carried to the convention suggest that they, too, were influenced by George’s ideas of using the tax system to break up large landholdings. While it is true that the national organization generally disapproved of the single tax movement after 1879, the California Grange members operated under no such restraints during the convention. More telling, however, is an account of the State Grange origins written by Ezra S. Carr, University of California professor of agriculture in the 1870s and a prominent State Grange member. In his 1875 chronicle, Carr displays a thorough understanding of the material Henry George presented in *Our Land and Land Policy*, and he shared George’s disgust for the developing land monopoly. Presumably, he also imparted this knowledge, and his opinions, to other Grange leaders.²⁵

THE ILLUSION OF CHANGE

Despite the Georgist stamp, the new constitutional tax provisions were not braced by single tax or any other economic theory. They were measures designed principally to relieve farmers and laborers of taxes they perceived as unjust. Nevertheless, in ad hoc fashion, the farmer–labor coalition laid the groundwork for a classified property tax system, based on the strategy of including or excluding certain factors in the assessment of various types of property to effect more equitable taxation overall.

²⁵ Barker, 251, 259–261; D. Sven Nordin, *Rich Harvest: A History of the Grange, 1867–1900* (Jackson: University Press of Mississippi, 1974), 211; and Carr, especially Chapter 18, 290–303, “Aids and Obstacles to Agriculture on the Pacific Coast,” in which he discussed California land monopoly, citing information taken from *Our Land and Land Policy*.

For a variety of reasons, however, no classified tax system developed in the years immediately following, and the constitutional provisions had no impact on large landholdings. Conflict between corporations, especially railroads, and the Legislature over assessment seriously hampered the Board of Equalization's effectiveness. In 1880, the California Supreme Court, in *Wells Fargo v. State Board of Equalization* (56 Cal. 194, 198), interdicted the state board from altering individual assessments on county property tax rolls. The board protested to the Legislature, but the Legislature deferred to the court. Thus, the board was powerless to implement the constitutional provision requiring equal valuation of cultivated and uncultivated lands. The board nevertheless pursued with vigor its power to raise or lower entire assessment rolls; and between 1881 and 1892, it issued well over sixty orders to counties to raise their assessments by as little as five or as much as thirty percent.²⁶

Railroads fought new laws under the 1879 Constitution on several grounds. They claimed exemption from state taxation because railroad corporations held federal franchises; they argued that new laws were null and void because they lacked uniformity; they charged that the state board had no constitutional power to make assessments or levy taxes; and they issued a host of minor legal complaints. Through litigation, railroads managed to avoid paying substantive taxes for several years. Although the state did not start keeping separate figures for revenues derived from railroad property (assessed by the State Board of Equalization) and all other property (assessed by counties) until 1884, figures from that year forward suggest that railroads paid taxes only when no legal loophole could be contrived to escape (see Table 6).²⁷

Such developments might have sustained the political energies of those dissatisfied with property taxation if the precipitating circumstances of the 1870s had continued, but they did not. The Workingmen's Party, its strength chiefly derived from the immediate demands of unemployed workers, collapsed as quickly as it arose once the business economy regained strength. More important, however, Grange membership continued to decline as

²⁶ See Simeon E. Leland, *The Classified Property Tax in the United States* (Boston and New York: Houghton Mifflin Co., 1928), 52–64, for a discussion of the various techniques which have been used to achieve a classified property tax; Fankhauser, 286–289.

²⁷ Fankhauser, 298–310.

agriculture entered a period of rapid growth and change. From 1870 to 1900, extensive land use gave way to intensive land use and a specialized agricultural industry. Vineyards, fruit and nut orchards, hops and sugar beet fields, and pastures for dairy operations replaced cattle ranges and vast grain fields. The change resulted from improved transportation, the introduction of irrigation in the 1860s, the growth of financial institutions able to mobilize and reallocate capital to develop land resources, population growth that expanded markets, and state policies that promoted agricultural research and encouraged immigration. Foreign and domestic population growth increased the number of farmers from about 48,000 in 1870 to over 145,000 by 1900. Foreign immigration also brought a cheap labor source; without Asian or East Indian laborers, intensive agriculture could not have succeeded as it did. Between 1860 and 1900 the number of farm laborers in California increased from about 15,000 to almost 72,000. These combined factors stand behind the phenomenal increase in improved farmland acreage. In 1849, fewer than 33,000 acres were improved, and few people thought that agriculture could be developed in California's semi-arid climate. By 1889, improved farmland reached a peak of twelve million acres. During the 1880s, consequently, farmers tended to form organizations based on crop specialty as a means to share information concerning the latest farming methods and plant varieties best suited to the state's climates. Until the 1910s, the Grange was the only general farm organization of note in the state, and its dwindling membership was concentrated in a few Northern California counties. Farmers' interests now lay chiefly in agricultural development, not in political action.²⁸

The taxation provisions of the 1879 Constitution, as they were implemented by law, did not produce the reforms that the Grange and the Workingmen's Party had sought. The state, through the Board of Equalization, had slightly more control over the taxation of railroads and other corporations; and farmers secured separate assessment of real and personal property. Neither change proved to be wholly satisfactory, but relative economic prosperity through the early 1890s dissipated political unrest. In the end, constitutional underpinnings introduced in 1849 for land and tax policies

²⁸ Chambers, 12–13; Nash, 139–158; Paul S. Taylor and Tom Vasey, "Historical Background of California Farm Labor," *Rural Sociology* 1 (1936): 281–295.

remained substantially unchanged. The general property tax system remained under the quasi-official control of local governments. Equalization remained more a hope than a promise. Most land claims had been settled, but large landholdings remained a source of irritation to those who saw their potential for developing California's agricultural economy. These conditions set the stage for a prolonged reform movement in the early twentieth century which had long-term implications for rural land-use policies.

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