AgEcon SEARCH
RESEARCH IN AGRICULTURAL & APPLIED ECONOMICS

The World's Largest Open Access Agricultural & Applied Economics Digital Library

This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.

Help ensure our sustainability.

Give to AgEcon Search

AgEcon Search
http://ageconsearch.umn.edu
aesearch@umn.edu

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

The Power of Possession

Land and Law in California. Essays on Land Policies *By Paul W Gates Ames, IA Iowa State University Press, 1991, 386 pages, $37 95*

Reviewed by Gene Wunderlich

For economists who labor under the assumption that government's laws and rules make some difference in an economy, *Land and Law in California* is healthy support The book is a mother lode of historical documentation on the claims to, and settlement of, lands of the Golden State beginning with the Mexican land grants and the argonautic migration of the mid-19th century Gates shows how the exploitation, manipulation, and application of public law on landownership affected the pattern of agricultural development in California He contrasts the patterns of California with other states and regions

The unifying concept one draws from the 13 separate essays of Gates' book is that the two decades of tumultuous lawmaking and lawbreaking following Mexico's 1846 cession of California to the United States set the pattern of agriculture today The book ends with a chapter on corporations in the current structure of agriculture, including vignettes on the Tejon Ranch and Kern County Land Company Although the last of the essays was published in 1978, the historical significance of early ownership patterns to today's agriculture in California remains

The essence of the land issue in California was the struggle between the latifundistas, those who acquired large estates in part from Mexican land grants, and the squatters, many of whom had been drawn to the state by the prospect of gold The struggle took place in a chaotic institutional environment One source of difficulty was the land grants issued by the beleaguered Mexican government in the final moments before California was transferred to the United States Problems arose in interpretation of Mexican grants into American law, the application of American law as illustrated by the Suscol principle, and the settlement of the conflicting claims through the courts and special legislation

A substantial part of the Mexican land grant problem can be labelled a boundary problem Most of 813 grants made by the Spanish and Mexican governments were made in large tracts of land, unsurveyed and imprecisely located About 750 of these grants were ranchos of 1 to 11 square leagues (a square league is 4,436 acres) with a total of 14 million acres of some of the best land in the territory Property lines were unmarked, poorly described, often overlapping Most was grazing land Most titles were not fee-simple and grantees did not have the right to alienate their land In general, the Spanish and Mexican grants did not match the Anglo-American title system or the settler's expectations The rapid migration by squatters expecting to preempt land by occupation, cultivation, and construction on land poorly identified as grant land inevitably resulted in conflict

The turmoil in claims by grantees and squatters found its way into the courts where entrepreneurs with strong legal counsel firmed their possession of vast holdings The administration of the California Land Act of 1851 was at first extremely permissive and some large holdings were confirmed even in the face of fraud One such claim, the Suscol, led to legislation allowing buyers of defective claims to retain their lands and exempt them from the 160-acre limitation of preemption laws Following the Suscol affair, according to Gates, a distracted Congress enacted legislation allowing the creation of huge estates out of state school and improvement lands The pace of settlement, the pressure on Congress and the administration before and during the Civil War, and the enterprise of land barons, which Henry George described as "greed, corruption and high handed robbery," resulted in a pattern of uneven landholding that remains today

The land boom of California created fortunes and poverty, witnessed and critiqued by Henry George George combined Ricardian economics and journalistic fervor to produce *Our Land and Land Policy* (1871) and later the widely read classic *Progress and Poverty* (1879) Both works were influenced by the struggles between the land barons and settlers in the early years of the state of California His solution to speculation was to tax the unearned increment of land values The land tax would return to society a portion of the increase in land value that it had created Gates notes that, in 1976, another Californian, Carla Hills, then Secretary of Housing and Urban Development, supported the United Nations' Habitat position that land should be managed as a public resource rather than as a profit-generating commodity George's land tax recommendations were a step in that direction

Wunderlich is an agricultural economist, Resources and Technology Division, ERS

The ancillary force in the destiny of California's agriculture was water The pattern of landholding was influenced by the dual system of water rights, and the conflicts arising out of doctrinal differences pertaining to public lands, mining, settlement, and the original grantees The struggle for land was often a struggle for water In 1902, the government sought to distribute the benefits of irrigation more widely through the Reclamation Act, to little avail In this set of essays, Gates' approach to the water question is tangential While he mentions some of the water issues, it is usually in the context of the overall landownership question

How well do the laws and events of the mid-19th century explain resource and agricultural conditions in today's California? Gates makes no explicit claims, but the act of historical reporting is itself a claim to relevance Certainly some of the concentration in landholdings of today can be linked to the earlier actions of Chapman, Miller and Lux, Haggin and others But, if the message of recent developments in nonlinear dynamics is correct, then perhaps some insignificant little event during the gold rush may have produced an outcome totally different from anything we could imagine today Who knows?

This set of essays, originally written for different publications at different times, contains some repetition, but it is an exceptionally rich source of background on California's agricultural landholding While it cannot explain some of California's peculiar tax policies of recent years, it can suggest some origins of the present landownership and agricultural production patterns Unless you are of the "history is bunk" school of economics, curl up with a copy of Gates' book for a few hours, and you will become wiser