

## INTERNATIONAL NEWS

*Press Service of the International Union for Land Taxation and Free Trade*

## CALIFORNIA

## Proposal for Amending the Constitution to enact Land Value Taxation

*We are indebted to Mr Jackson H. Ralston for the following statement on the campaign for a constitutional amendment affecting taxation, in which he is taking a leading and brilliant part.*

The amendment begins by abolishing an existing sales tax which amounts to three per cent of all sales save for gasoline, which is separate from recent legislation, and food sold in stores, leaving food in restaurants subject to the tax.

Next, it provides for the abolition of a certain portion of a recent constitutional amendment limiting to one-fourth of preceding appropriations the taxation which may be levied on property in the state.

Following this the amendment abolishes at once taxation upon \$1,000 of assessed value of improvements in homesteads, and thereafter, at the rate of 20 per cent per annum for five years, does away with all improvements and tangible personal property taxes, with the result that at the end of five years, no such taxes will exist.

You may ask how such a proposition could be submitted directly to the vote of the people. This is done through the Initiative and Referendum provisions of California's constitution. Under this a number equal to 8 per cent of votes cast at the preceding election for Governor can petition for the placing of such a proposition on the ballot. The necessary petitions were signed up about 18 months ago, but not in time to be placed upon the ballot of 1934. Automatically, therefore, all necessary steps having been taken, the amendment comes on for a vote this coming November.

What will be the result of the contemplated change, if directed by the people? Using rough figures, our land values to-day pay \$106,000,000 of taxes, and tangible personal property and improvements an additional \$150,000,000. To these there is to be added \$40,000,000 to \$50,000,000 of sales taxes to be abolished. Roughly speaking, the tax on land values will be at the end of the period multiplied by 2.6. We estimate that these will take for public purposes about 60 per cent of the existing land values now diverted to private owners.

How about the country and people to be affected? As you know, California itself is a principality 800 miles long by, roughly, 250 miles across, and is now occupied by over 6,000,000 people—about 5 per cent of the entire population of the United States. Its electorate includes, approximately, 3,000,000 souls.

To begin with, we have to take into consideration the undoubted unpopularity of the sales tax, which is offensive to both storekeeper and customer. Wherever popular opinion of the sales tax has been tested out in the United States, as it has been in Oregon (an adjacent state), Kentucky, and New Jersey, expressions have been overwhelmingly against it.

Because we have united this repeal with the abolition of taxation on improvements and tangible personal property, will those opposing the sales tax hesitate to vote for the rest of the programme? As far as my experience and observation extend, the elements opposing the sales tax are, with little question, ready to accept the repeal of the other taxes and their transfer to land values, although there are some elements in the community lacking information who think they will gain by the preservation of taxation on improvements and tangible personal property and lose by the transfer to land values.

As far as the campaign has progressed, the great bodies on either side may be summed up in this wise: against us we have, with scanty exceptions, the real estate boards scattered throughout the state, numbering some 15,000 members. In addition are the Chambers of Commerce

controlled by like interests but probably less numerous. For reasons it would take too long to recount, the large majority of the school teachers, fearing that their salaries will be in some way affected, are against us. Furthermore, the great metropolitan press of San Francisco, Los Angeles, Oakland, and other cities, together with a large majority of the country press, oppose us. There is also the intangible power of inertia and ignorance.

What have we to oppose on these? In the first place, the Federation of Labor has repeatedly and unanimously, in its state bodies and local councils, declared for the amendment. The Labour press, which numbers about 20 and reaches practically every member of those bodies, is loyally and unanimously supporting us.

The Epic group of the Democratic Party has formally and unanimously endorsed the movement. This group, it may be recalled, supported Sinclair for Governor a year and a half ago, and polled not far from 890,000 votes as against 220,000 more received by the elected Governor.

I have to point out another element of which I did not speak, largely fearful of the consequences of the adoption of the amendment, and that is the farmers. Probably a large majority of them would vote for the repeal of the sales tax, but hesitate to go further. It is to be borne in mind, however, that half of the farmers of the state are renters, and the entire farming population is but a small proportion of the population of California, about three-fourths of which is found in some three or four large cities. The considerations which frequently deceive the farming population have little effect upon people of the cities.

The strongest proof I know of touching our probability of success is to be found in the fact that our opponents are manifestly and thoroughly frightened. Already they are coming forward with a great variety of mis-statements which they believe will be of aid to them. After a renewed residence of a dozen years in this state of my birth, I cannot point to any other campaign which has opened 10 months before election as this has done. Usually this opening does not take place until two or three months, at the outside, before the election. These circumstances I count as favourable to our success, for we have now ample time to meet and dispel any wrongful impression which may be created. It is much more to our advantage than a furious campaign shortly before the voting, when no time would be left to oppose it with the truth.

I have probably stated enough to indicate to you the importance and materiality of the amendment and of the campaign. One feature remains to be added. Success in California, if we can attain it, as I believe we shall, will have its repercussions in every part of the world. Without being fairly subject to the accusation of boasting about the state, I think I may say that California is a name to conjure with, as it is known in the remotest part of the globe; that it carries with it a certain romantic element. Success here would mean infinitely more than success in any other of the states of the Union, with the possible exception of New York. We firmly believe, therefore, that we are carrying on a conflict which may mean much to oppressed millions everywhere.

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In an article in the latest issue of *Land and Freedom*, New York, Judge Ralston writes:—

“Among the more significant of important recent developments have been these: The State Executive

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Board of the American Federation of Labour has recently issued instructions to every one of the 700 subordinate Unions to appoint committees to see that every member of the organization is registered, for the express purpose of voting for our amendment. It is made the duty of such committee to inform the membership of the merits of the measure and the arguments supporting it. This, together with the determined support of some 20 Labour papers, indicates the mass feeling of Labour toward our measure."

In a letter to *Land & Liberty* from Hollywood, Mr Laurie J. Quinby says :—

"Judge Ralston is the grand old man of the movement in California. Nearing his eightieth year, he remains hearty and strong of heart. As author of our amendment he seems to be the target of attack, but he meets it with the courage and the sturdiness of youth.

"Ralph E. Chadwick is our executive secretary. Mr Chadwick is another whose grasp of the fundamentals of the George philosophy is at all times refreshing. He is also about the best qualified among us in the matter of statistical information. His 25 years experience as a 'realtor' stands him in good stead.

"Several years ago, the land speculators put across on the people of California an amendment, ostensibly for the establishment of the sales tax. In its real essence their amendment was a provision for the exemption from taxation of the speculative value of land. Like all crooked deals, this was concealed in the 'innocent' arrangement that not more than 25 per cent of appropriations should be secured from taxes upon the value of land. I have, in my writing and addresses, stated the real truth of this provision. That is, it is a plan to exempt from taxation 75 per cent of the speculative value of land. To make up for this exemption, the sales tax was provided. Then to secure the support of the teaching fraternity for the amendment and to retain it, once adopted, this sales tax revenue was to be used for the schools. At last this 'darky in the woodpile,' through devious ways, is coming to light. Now the opposition is charging us with trying to put over the Single Tax under the guise of repeal of the sales tax. Of course, no one possessed of understanding of our cause would call this simple amendment a complete application of Single Tax, but to be honest, we must admit that it is intended as an entering wedge.

"Formerly it has been shown that the privileged classes of California have been able to secure millions in their campaigns. Similar 'coming events already are casting their shadows before.' On our side, there are no tills to tap. We are practically dependent upon the devotion of the 'elect' and certain organizations determined to establish justice and the rights of man."