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### Tax the Rich: Teachers' Long Campaign to Fund Public Schools

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## Abstract

Tax The Rich: Teachers' Long Campaign To Fund Public Schools

Kelly Goodman

2021

Why did teachers' long campaign to fund schools with progressive income taxes on the rich fall short? Labor-liberals hoped to equalize opportunity for students by shifting school taxes from local communities like Detroit and Los Angeles to the states. Businessmen and conservatives instead centralized cuts by changing how budget decisions are made, imposing constitutional limits to slow the growth rate of state government. Tax limits are distinct from tax cuts. *Tax the Rich* builds on the established literature about the grassroots politics of education, and moves in new directions by centering the agency of organized interests—teachers unions, business associations, and farmers organizations—powerful enough to build enduring coalitions and to structure fiscal options. The story begins in 1930, when the Great Depression turned farmers against the property tax, recast business boosters as tax limiters, and forced teachers to defend school finance; it ends in 1980, when tax revolts went national with former California governor Ronald Reagan's election as president. Michigan and California, laboratories for tax limitation campaigns and educational court cases, are the reference points. After property owners defaulted on their local taxes in the early 1930s, and later voted down renewals and increases during the 1960s, liberal and labor organizers searched for alternative taxes based on ability to pay while conservative and business operatives persuaded voters to constitutionally tie legislators' purse strings. Paying for education in a democracy at times requires antidemocratic decisions, on left and right, by labor and business. *Tax the Rich* argues resources never matched Americans' ambitions to make schools the hidden welfare state.

Tax The Rich: Teachers' Long Campaign To Fund Public Schools

A Dissertation

Presented to the Faculty of the Graduate School

Of

Yale University

In Candidacy for the Degree of

Doctor of Philosophy

By

Kelly Goodman

Dissertation Director: Jennifer Klein

December 2021

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no longer be shiny, but I have arranged them here the best I can. Grants and fellowships from the Hagley Library, Hoover Archives, Harvard Business School, Rockefeller Archive, Bentley Historical Library, Walter P. Reuther Library, and Yale University funded my research. Many, many thanks to archivist-organizer Dan Golodner at the Reuther Library and archivist-scholar Lucas Clawson at the Hagley Library for good company and guidance.

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Devika Daga brought me back to urban life; my book club kept me reading fiction. Camille, your friendship means more to me than I can write; this dissertation is because of you.

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## Tables and Figures

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## Introduction

When I toured my future high school in a white, working-class suburb four miles north of Detroit, I learned only one-quarter of graduating seniors enrolled in college. My parents did what many with the newfound means to leave Macomb County, home of the Reagan Democrats, would: they drove west on a highway named for a former United Auto Workers union president to the midcentury modern bloomfields. Voting with their wheels, my parents sunk their present and future wealth into property in a highly-ranked public school district. Leaving our historic farm house for a split-level nestled between private lakes, I wondered why we had to change our whole lives for educational opportunity. My family's journey is a common reaction to the American system of fractured local, state, and federal school finance. The dissertation title begins with a policy recommendation—tax the rich—and the chapters describe why it was so hard to do.

Why did teachers' long campaign to fund schools with progressive income taxes on the rich fall short? Labor-liberals hoped to equalize opportunity for students by changing the way K-12 public education is financed by shifting school taxes from local communities like Detroit and Los Angeles to the states. Business leaders and conservatives instead centralized cuts by changing how budget decisions are made, imposing constitutional limits to slow the growth rate of state government. Tax limits are distinct from tax cuts. *Tax the Rich* builds on the established literature about the grassroots politics of education, and moves in new directions by centering the agency of organized interests—teachers unions, business associations, and farmers organizations—powerful enough to build enduring coalitions and to structure fiscal options.

The story begins in 1930, when the Great Depression turned farmers against the property tax, recast business boosters as tax limiters, and forced teachers to defend school finance; it ends in 1980, when tax revolts went national with former California governor Ronald Reagan's election

as president. Michigan and California, laboratories for tax limitation campaigns and educational court cases, are my reference points. After property owners defaulted on their local taxes in the early 1930s, and later voted down renewals and increases during the 1960s, liberal and labor organizers searched for alternative taxes based on ability to pay while conservative and business operatives persuaded voters to constitutionally tie legislators' purse strings. *Tax the Rich* argues resources never matched Americans' ambitions to make schools the hidden welfare state.<sup>1</sup>

Teachers were at the center of political coalitions to finance schools, but during the 1930s, farmers were the swing vote between progressive income taxes on the rich and regressive sales taxes on the poor. At that time, businessmen joined chambers of commerce to form research bureaus and taxpayers' associations to reduce school funding. Manufacturers' conservative lobby swayed some teachers to its side by supporting small salary increases to deter unionization. Populist farmers sided with commercial farmers, impelling Michigan legislators to pass a sales tax before the rise of industrial unionism. Hardening into a path dependence, the regressive state sales tax made future resolution of financial issues more difficult.

Decades later, labor leaders and foundation grantees filed lawsuits seeking to render local school property taxes illegal. School finance reform lawsuits briefly compelled governors and legislators to increase urban school funding, particularly where teacher strikes or citizens committees had not. Still, budgets never doubled as unions had hoped. The dissertation connects the history of private and public employee unions, particularly the United Auto Workers and the American Federation of Teachers, as the public sector expanded during the 1960s.<sup>2</sup> Excluded from

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<sup>1</sup> Tracy Lynn Steffes, *School, Society, and State: A New Education to Govern Modern America, 1890-1940* (Chicago, IL: University of Chicago Press, 2012). Molly C. Micheltore, *Tax and Spend: The Welfare State, Tax Politics, and the Limits of American Liberalism* (Philadelphia, PA: University Of Pennsylvania Press, 2014).

<sup>2</sup> Wisconsin passed the first public employee collective bargaining law in 1959; Michigan followed in 1965, California in 1975 for teachers. Joseph A. McCartin, "Bringing the State's Workers In: Time to Rectify an Imbalanced US Labor Historiography," *Labor History* 47, no. 1 (2006): 73-94. Joseph A. McCartin, "'A Wagner

the National Labor Relations Act, public employees secured state statutory protections with the help of labor leaders personally and strategically committed to public schools, and with the cooperation of the administrative state.

When school boards settled union contracts they could not afford with teachers in the late 1960s, states were forced to balance municipal budgets in the 1970s, reopening public finance to influence by business leaders and bankers. Business associations functioned as political operations with apparatuses for electoral and policy work, in addition to lobbying.<sup>3</sup> Short of direct or indirect electoral control, business associations designed rules for fiscal governance with the logic of market competition. Business and conservative programs for budget restraint initially developed along separate but similar lines, then intersected as local, state, and federal campaigns shared political operatives, economic advisors, and business donors.

Grassroots and elite political actors transformed tax limitation, a feature of municipal charters since the long depression of the 1870s, into a state constitutional restriction on property taxation during the Great Depression, and on overall spending in the 1970s stagflation.<sup>4</sup> By pitting “special interests” against each other for a slice of a shrinking public budget, constitutional limits on taxes slow the overall growth of government. Decided by a majority vote on ballot initiatives, or at legislative sessions and constitutional conventions, such fiscal rules required a supermajority vote by the people or state legislators to increase taxes. A majority could limit taxes but not raise

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Act for Public Employees’: Labor’s Deferred Dream and the Rise of Conservatism, 1970-1976.” *Journal of American History* 95, no. 1 (2008): 123-48.

<sup>3</sup> Benjamin C. Waterhouse, *Lobbying America: The Politics of Business from Nixon to NAFTA* (Princeton, NJ: Princeton University Press, 2014).

<sup>4</sup> The dissertation’s focus on state constitutions is inspired by the work of John Wallis on canal debt and Naomi Lamoreaux on general incorporation in the nineteenth century, for example Naomi R. Lamoreaux and John Joseph Wallis, “Economic Crisis, General Laws, and the Mid-Nineteenth-Century Transformation of American Political Economy,” National Bureau of Economic Research Working Paper Series no. 27400, June 2020.

them. Telling the long history of the fiscal concept of tax limitation, I find restrictions on majority rule in the American states rather than European salons, a homegrown anti-majoritarianism.<sup>5</sup>

Conservatives tested policymaking in the states, creating the political conditions for national power by failing and learning, and building institutions along the way. Teachers who won union elections and contracts during the 1960s persuaded white-collar professionals under difficult circumstances; they were skilled campaigners who fought off tax limitation for five years. To construct the modern Republican Party, operatives had to break teachers unions' grip on public budgets, the most formidable obstacle to reducing the size of state government. Public choice economists, future Supreme Court justices, and the Reagan gubernatorial administration first campaigned for tax limitation in California in 1973, and first succeeded in Tennessee in 1978.

*Tax the Rich* applies two methods—ideas in action and the politics of federation—to a deep source base. This dissertation uses archival holdings, private papers, and organizational publications from multiple collections in more than a dozen states to follow academic research and popular knowledge into political campaigns, and to follow fiscal policies from state to state, and into the federal government. Federated organizations with local, state, and national chapters quickly spread model legislation. I focus on the labor and business ideas, tactics, and strategies behind campaigns, committees, commissions and the many other forms of democratic, constitutional, and bureaucratic governance of schools.<sup>6</sup> As organized interests switched venues for influence, school finance politics were sometimes administrative or participatory, sometimes high or grassroots.

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<sup>5</sup> Angus Burgin, *The Great Persuasion: Reinventing Free Markets since the Depression* (Cambridge, MA: Harvard University Press, 2012). Quinn Slobodian, *Globalists: The End of Empire and the Birth of Neoliberalism* (Cambridge, MA: Harvard University Press, 2018).

<sup>6</sup> Louis Galambos, "The Emerging Organizational Synthesis in Modern American History," *The Business History Review* 44, no. 3 (1970): 279-90.

Organizations drew on the applied social sciences to guide the distribution of school money. A section of each dissertation chapter considers public finance and educational administration, public administration, economic education, labor education, legal theory, political science, or economics.

Ideas about teacher and taxpayer control of education mattered when business conservatives put them into action.<sup>7</sup> By obscuring the ways that ideas travel, intellectual historians can miss some of the politics that make ideas influential or marginal. For example, General Motors successfully lobbied to end a publicly-funded workers' education program run by the American Federation of Teachers' tax expert in 1948, as described in Ch. 2 "The Sentinels." In the post-World War II period, business conservatives feared public sector union control of what was taught in school and how much it cost would lead to a fall from freedom to slavery or from democracy to dictatorship. In reaction, Detroit executives and experts alongside better-known Californians funded the conservative intellectual movement.<sup>8</sup>

Rather than the federal level where war was the driving force of fiscal innovation, this dissertation focuses on political economy in the states.<sup>9</sup> The intersection of organized interests and fiscal federalism constructed a twentieth-century American state of federations and ballot initiatives.<sup>10</sup> Companies and unions negotiated over public benefits like education in statewide school finance and tax limitation campaigns instead of industrial labor contracts.<sup>11</sup> *Tax the Rich*

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<sup>7</sup> I adapt George Nash's claim about the effectiveness of conservative ideas in action. George H. Nash, *The Conservative Intellectual Movement in America, Since 1945* (New York: Basic Books, 1976).

<sup>8</sup> Kim Phillips-Fein, *Invisible Hands: The Making of the Conservative Movement from the New Deal to Reagan* (New York: W.W. Norton & Company, 2009).

<sup>9</sup> W. Elliot Brownlee, *Federal Taxation in America: A Short History* (New York: Cambridge University Press, 2004).

<sup>10</sup> Stephen Skowronek, *Building a New American State: The Expansion of National Administrative Capacities, 1877-1920* (New York: Cambridge University Press, 1982)..

<sup>11</sup> Jennifer Klein, *For All These Rights: Business, Labor, and the Shaping of America's Public-Private Welfare State* (Princeton, NJ: Princeton University Press, 2003)..



shows how conservatives practiced for the Reagan Revolution in the states by slowing the growth rate of government, starting with public schooling, which occupies a central place both in state budgets and American social life.<sup>12</sup>

### **Who will govern the schools: the teachers or the taxpayers?**

My dissertation adds labor leaders to the established history of education literature about parents, students, administrators, and activists who lobbied for routine funding and sued over racialized taxation.<sup>13</sup> Union teachers and their allies in the labor movement changed fiscal rules to make raising money for schools easier, often out of the public eye. To take one example of hidden labor influence, public sector unions pressured the administrative state for bargaining rights through attorney general opinions, which preceded legislative bills in states like Michigan.<sup>14</sup>

Organizationally divided between a moderate professional association, the National Education Association, and a militant labor union, the American Federation of Teachers, teachers pursued different political strategies and fiscal policies during a moment of possibility when school budgets grew during the late 1960s and early 1970s. At the same time, union teachers differed over whether to include casual workers like paraprofessionals in their bargaining units.<sup>15</sup> Despite these differences, all teachers benefitted from the financial and political support of organized labor during the 1960s when teacher union recognition and contract campaigns spread improvements in wages, benefits, and working conditions from cities to suburbs across the country.

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<sup>12</sup> Gareth Davies, *See Government Grow: Education Politics from Johnson to Reagan* (Lawrence, KS: University Press of Kansas, 2012). For an earlier account of why government did not grow, see Gilbert E. Smith, *The Limits of Reform Politics and Federal Aid to Education, 1937-1950* (New York: Garland Publishing, 1982).

<sup>13</sup> See Walsh and Steffes for example.

<sup>14</sup> Here I model my analysis of public sector union relationship with school boards, labor boards, and state attorneys general on Nancy MacLean's history of how private sector unions interacted with the U.S. Equal Employment Opportunity Commission. Nancy MacLean, *Freedom Is Not Enough: The Opening of the American Workplace* (New York: Russell Sage Foundation, 2006).

<sup>15</sup> Juravich, *The Work of Education*, forthcoming.

Influential political theories of community governance—pluralist politics, class critiques, urban regimes— can obscure political initiatives by federated organizations.<sup>16</sup> Coalitional views miss front groups that intentionally hid the interests behind their work. In the 1930s, business associations organized or cooperated with taxpayers association and research bureaus. At the same time, farmers’ anti-property tax politics were grassroots. In the 1940s, conservatives separated economic education from business associations to hide businessmen’s role. In the 1970s, tax limiters recruited grandmothers and moderates as spokespeople but ran campaigns with paid canvassers, realtors and direct sellers, professional consultants, and libertarian and conservative parties. Misdirection was a strategy more than a conspiracy.

Organizations of interests represented by institutions of government shaped political responses to economic forces.<sup>17</sup> In the 1930s, business governed the Detroit city council, which had financial oversight of the school board. By the 1960s, labor governed a fiscally autonomous Detroit school board. In between, racism and deindustrialization structured the neighborhood and workplace, fracturing the school tax base before white flight accelerated. For the most prominent historian of Detroit’s public school district, the existence of a consensus across classes before the 1930s and races before the 1960s was a necessary condition for funding schools. However, the

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<sup>16</sup> Robert Alan Dahl, *Who Governs? Democracy and Power in an American City* (New Haven, CT: Yale University Press, 1961). E. E. Schattschneider, *The Semisovereign People: A Realist's View of Democracy in America* (New York: Holt, 1960). Paul E. Peterson, *City Limits* (Chicago, IL: University of Chicago Press, 1981). John Gaventa, *Power and Powerlessness: Quiescence and Rebellion in an Appalachian Valley* (Urbana, IL: University of Illinois Press, 1982). Clarence N. Stone, "Urban Regimes and the Capacity to Govern," 1993.

<sup>17</sup> Here I am thinking through what school finance reveals about urban history and tax politics that is different from Sugrue or Self, and how that intersects with UAW history. Thomas J. Sugrue, *The Origins of the Urban Crisis: Race and Inequality in Postwar Detroit* (Princeton, NJ: Princeton University Press, 1996). Robert O. Self, *American Babylon: Race and the Struggle for Postwar Oakland* (Princeton, NJ: Princeton University Press, 2003). Nelson Lichtenstein, *The Most Dangerous Man in Detroit: Walter Reuther and the Fate of American Labor* (New York, NY: Basic Books, 1995). Kevin Boyle, *The UAW and the Heyday of American Liberalism, 1945-1968* (Ithaca, NY: Cornell University Press, 1995).

labor school board sought state or metropolitan school funding while the earlier business school board cut spending.

All types of federations made education history by learning and sharing how to operate in statewide structures, outside the characteristic neighborhood and metropolitan boundaries of urban history, and in addition to the distinctive local and national levels of political history. Liberal groups from the League of Women Voters to the United Automobile Workers supported novel finance policies like progressive state income taxes and strategies like school finance reform lawsuits. The Ford Foundation financed academic research and state and federal litigation that used market rather than egalitarian logic after cases modeled on the Detroit Board of Education's lawsuit to fully fund students' education need were dismissed in district court.<sup>18</sup> Restrictive fiscal policies spread first through media like a midwestern agricultural publishing company and later lobbies like the conservative state legislators' American Legislative Exchange Council. Business associations the National Association of Manufacturers and the U. S. Chamber of Commerce circulated fiscal policy between local, state, and national governments.

### **How did the conservative movement gain political power?**

Conservatives tested policymaking in the states, creating the political conditions for national power by failing and learning, and building institutions along the way. Even now as historians of conservatism reflect on what the rise of Trumpism means for the field and the country, the new U. S. president can easily reverse executive orders while a signal legislative success, the 2017 federal tax cuts and cap on state and local tax deductions, endures.<sup>19</sup> Despite its ubiquity on

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<sup>18</sup> While counterfactual history is a dangerous game, one alternate path would have been reworking the educational need legal standard with state constitutions, rather than the U.S. constitution, in mind.

<sup>19</sup> Rick Perlstein, "I Thought I Understood the American Right. Trump Proved Me Wrong," *The New York Times Magazine*, April 11, 2017.

the right, tax reform has lost historical specificity as a political project while welfare reform is now a byword for neoliberalism. Citing polls that the only public service voters wanted to cut at the end of the 1970s was welfare, scholars then and now argue aid to poor mothers with children was a symbol or code for race.<sup>20</sup> By the 1970s, education was about race for many observers of school desegregation as well. Still, as the dissertation argues, the complicated relationship between education and taxes was always also about political economy.

Reaganism arose through denigration of school teachers, in addition to welfare recipients. In 1970s Los Angeles, where teachers merged their National Education Association and American Federation of Teachers locals but lacked the protections of labor-friendly agencies or laws, conservatives began to dismantle the government from within. They applied the logic of public choice theory to argue that public employees in general and teachers in particular selfishly increased the size and cost of government. Constructing a future presidential campaign platform, the Reagan gubernatorial administration pursued welfare reform and tax reform together. By pitting “special interests” against each other for a slice of a shrinking public budget, conservatives advocated constitutional limits on taxes to slow the overall growth of government. “Let’s have the school teachers demonstrate that their need is greater than the need of the people who want to create welfare,” economist Milton Friedman told conservative talk show host Clarence Manion while promoting California’s 1973 tax limitation ballot measure.<sup>21</sup> To make it harder for teachers to demonstrate their need, Governor Reagan vetoed a collective bargaining bill for teachers.

Nonetheless, for five years, teachers across the country fought off similar ballot measures. Throughout the 1960s and 1970s the National Education Association competed with the American Federal of Teachers to win union representation elections in city after city and suburb after suburb.

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<sup>20</sup> Citing 1980s social science, theorist Melinda Cooper is the latest to make this argument.

<sup>21</sup> Milton Friedman, 236 “A Simple Idea Whose Time Has Come: Tax Limitation.”

National Education Association affiliates in the states organized against tax limitation with the help of political consultants, providing benefits more essential to members than group insurance or education research. With member dues and political contributions, the California Teachers Association and Michigan Education Association funded many of the professional campaign services conservatives themselves relied on. Teachers also collected petition signatures and canvassed for votes, capitalizing on their stature and skill as educators. American Federation of Teachers members who won union representation elections and contracts in big cities had spent the 1960s talking to their colleagues at work, on the phone, and at home under difficult circumstances; they were effective campaigners. To build the modern Republican Party, operatives had to break teachers unions' grip on state budgets, the most formidable obstacle to reducing the size of government.

Conservatives challenged moderates on contentious state and local finance issues, pushing the Republican party right and elevating new leaders. Indeed, the Republican National Committee chair for Ronald Reagan's successful 1980 presidential run was formerly a U.S. senator from Tennessee who had introduced the U.S. Chamber of Commerce's legislation for a federal spending limit and endorsed the first state tax limit to pass in 1978 in his home state. National organizations of businesses and conservatives including the American Legislative Exchange Council spread model legislation to constitutionally limit the overall size of government. Written by public choice economists and future Supreme Court justices, strategized by a sitting governor, 1970s tax limitation was practice for the Reagan revolution in the White House. In the years since, journalists and social scientists have offered structural, behavioral, and technical explanations of the tax revolt.<sup>22</sup> I argue elite conservatives organized the tax revolt, beginning in the states.

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<sup>22</sup> See the introduction to Ch. 6 "Don't Spend It Faster Than I Can Make It" for the extensive literature.

## What influence do free market ideas have on social movements?

Business conservatives believed public sector union control of what was taught in school and how much it cost would lead to a fall from freedom to slavery or from democracy to dictatorship. The solution to this problem took many forms, including stopping public employees from bargaining collectively or voting in elections. Here, I consider campaigns to limit teachers' power to influence public budgets. Set into action during the long campaign for a constitutional limit on federal taxation, and conceptualized as public choice theory during the 1960s, the next generation of tax limiters revived ideas about the destructive effects of government spending during 1970s debates about state constitutional limits. Professionals like executives, managers, economists, engineers, journalists, and salespeople practiced social movement politics to change the U. S. political economy.<sup>23</sup>

Tax limiters brought the market into the state to limit government, not to protect homeowners or capitalism. Thus, tax limiters were fundamentally different from the tax cutters behind California's 1978 ballot measure Proposition 13 who protected homeowners from the real estate market by restoring informal tax privileges lost when values appreciated, prices inflated, and the state modernized assessment.<sup>24</sup> Tax limiters turned the American state against itself as bureaucrats cut their own budgets, unlike European social theorists who saved global capitalism from fascism, depression, and war through international collaboration on neoliberal ideas,

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<sup>23</sup> Here I follow Kim Phillips-Fein's argument in the preface to *Invisible Hands* about the success of businessmen's crusade against the New Deal when it came to political economy, not culture. The history of conservative reaction in California schools, by contrast, relates social movements of mothers and housewives to cultural issues. Lisa McGirr, *Suburban Warriors: The Origins of the New American Right* (Princeton, NJ: Princeton University Press, 2001). Michelle M. Nickerson, *Mothers of Conservatism: Women and the Postwar Right* (Princeton, NJ: Princeton University Press, 2012). Natalia Mehlman Petrzela, *Classroom Wars: Language, Sex, and the Making of Modern Political Culture* (New York: Oxford University Press, 2015).

<sup>24</sup> Isaac William Martin, *The Permanent Tax Revolt: How the Property Tax Transformed American Politics* (Stanford, CA: Stanford University Press, 2008).

institutions, and laws.<sup>25</sup> Drawing from pre-New Deal sources including property tax limitation amendments to state constitutions and governmental research bureaus founded to fight urban political machines, tax limiters used the tools of fiscal federalism to slow the growth of government.

The world of economic conservatism was made by the exchange between fringe operatives and the mainstream GOP, between peripheral theorists and the Chicago school, between everyday ideas and fiscal policy.<sup>26</sup> Conservative gatekeepers, including the founder of *National Review* and advisors to Reagan, marginalized the far-right political operative who promoted tax limitation in dozens of states; however, he worked behind the scenes. Public choice theories of non-market, or public, decision-making made their way into the respected Chicago school from increasingly less-prestigious universities where economist James Buchanan and his center set up shop. Since politicians struggled to control concentrated benefits like public schools with diffuse costs, as public choice economists like Buchanan argued, interest groups should have to compete for their share of a fixed amount. Rather than by excluding extremists, the right rose by idea laundering.<sup>27</sup>

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<sup>25</sup> Writing just before the most recent global financial crisis revived interest in Karl Polanyi's argument that after fascism, the state re-"embedded" the market in social relations—customs, values, laws—fiscal sociologists foreshadowed work by intellectual historians. For example, *The Power of Market Fundamentalism: Karl Polanyi's Critique*, ed. Fred Block and Margaret R. Somers (Cambridge, MA: Harvard University Press, 2016). Karl Polanyi, *The Great Transformation* (New York: Farrar & Rinehart, Inc., 1944). The international thought collective the Mont Pèlerin Society remade capitalism for democracy after depression and war. Milton Friedman's advocacy for tax limitation appears briefly in Burgin, as one example among many of the University of Chicago economist's polemics. Angus Burgin, *The Great Persuasion: Reinventing Free Markets since the Depression* (Cambridge, MA: Harvard University Press, 2012). European variants of neoliberalism "encased" a global economic order in international, anti-democratic institutions and laws. Quinn Slobodian, *Globalists: The End of Empire and the Birth of Neoliberalism* (Cambridge, MA: Harvard University Press, 2018).

<sup>26</sup> Elizabeth A. Fones-Wolf, *Selling Free Enterprise: The Business Assault on Labor and Liberalism, 1945-60* (Urbana: University of Illinois Press, 1994). Daniel T. Rodgers, *Age of Fracture* (Cambridge, MA: Belknap Press of Harvard University Press, 2011). Jennifer Burns, "The Three "Furies" of Libertarianism: Rose Wilder Lane, Isabel Paterson, and Ayn Rand." *The Journal of American History* 102, no. 3 (2015): 746-74. Lawrence B. Glickman, *Free Enterprise: An American History* (New Haven, CT: Yale University Press, 2019).

<sup>27</sup> My thanks to Naomi Lamoreaux for the phrase "idea laundering." As political historians join historians of economics in their project to incorporate extremism on the right, I point to intersections in economic conservatism. Historians of economics David Levy and Sandra Peart have kept documents about eugenics and antisemitism on the right in circulation. David M. Levy, Sandra J. Peart, and Margaret Albert, "Economic Liberals as Quasi-Public Intellectuals: The Democratic Dimension" in *Documents on Government and the Economy*, ed. Marianne Johnson,

Popular economic ideas about tax spenders, bribes to voters, destruction of production, and bankruptcy in a democracy both echoed and shaped this charge about the dangers of public spending from the 1930s on, as Ch. 2 “The Sentinels” documents.

By the 1970s, public choice theory served as the economic logic underpinning tax and spending limitation campaigns. Economists studied non-market—or as they later called them, public—choices with James Buchanan in seminars and centers at Virginia universities in the 1950s and 1960s. Public employees, who public choice theorists called bureaucrats, were motivated by self-interest and thus tried to increase the size of government. While recent scholarly attention to contemporary libertarians can exaggerate Buchanan’s influence, when it came to fiscal policy, the public choice theorist thought performance contracting—a defense industry practice to link pay with results—or privatization would be more effective than budgetary limits.<sup>28</sup> By contrast, the California ideologue and political operative Lew Uhler, who had tried and failed to dismantle the Office of Economic Opportunity from within the Reagan gubernatorial administration, knew tax limitation was power limitation. Uhler recruited economist activists to restrict the power of public employees through tax limitation: a Buchanan student teaching in California, a Chicago-trained bureaucrat committed to cutting government from the outside, and University of Chicago professor of economics Milton Friedman himself.

Conservative economists were street fighters, while the public finance experts who opposed constitutional fiscal rules stood above the fray, issuing reports and holding press

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Research in the History of Economic Thought and Methodology 30-B (Online: Emerald Publishing, 2012). David Austin Walsh, *Taking America Back: American Conservatism and the Far Right in the Twentieth Century* (New Haven, CT: Yale University Press, forthcoming.)

<sup>28</sup> S. M. Amadae, *Rationalizing Capitalist Democracy: The Cold War Origins of Rational Choice Liberalism* (Chicago, IL: University of Chicago Press, 2003). Melinda Cooper, *Family Values: Between Neoliberalism and the New Social Conservatism* (Brooklyn, NY: Zone Books, 2017). Nancy MacLean, *Democracy in Chains: The Deep History of the Radical Right's Stealth Plan for America* (New York: Viking, 2017). Jennifer Burns, "Democracy in Chains: The Deep History of the Radical Right's Stealth Plan for America by Nancy Maclean," *History of Political Economy* 50, no. 3 (2018): 640-648.



conferences. Within a year of ending his Mont Pèlerin Society presidency in 1972, Friedman was tax limitation's most persuasive publicist. For the next decade, Friedman used his *Newsweek* column, Nobel prize press, speeches to the American Legislative Exchange Council and the National Association of Manufacturers, visits with state legislators, media interviews, and correspondence with tax limiters to campaign for successful state limits and an unsuccessful tax limitation and balanced budget amendment to the U. S. constitution during Reagan's first presidential term.

During the 1970s fiscal crisis, labor-liberals also made government finance decisions without a majority vote. Normally, states required local voters to approve school tax renewals or increases. If voters refused to fund schools, districts could only borrow for so long before slashing spending. I recover an alternative to austerity during fiscal emergencies: a non-voted city income tax, approved by the Michigan state legislature and levied by the Detroit school board beginning in 1973. Three years before New York City secured private loans with public cuts, bankers and businessmen were willing to maintain a smaller welfare state in K-12 schools.<sup>29</sup>

### **What is the relationship between political economy and education?**

“Tax the Rich” conceptualizes the political economy of school finance as the search for alternatives to the local property tax.<sup>30</sup> By contrast, the political history of education implies homeowners, planners, lenders, insurers, developers, and elected and appointed officials decided the value of taxes on private homeownership, and thus the amount of school funding.<sup>31</sup> Although

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<sup>29</sup> Kim Phillips-Fein, *Fear City: New York's Fiscal Crisis and the Rise of Austerity Politics* (New York: Metropolitan Books, 2017).

<sup>30</sup> Recent scholarship on school finance centers property taxation. Matthew Gardner Kelly, “Engineering Inequality: Public Policy, School Finance, and the Roots of Educational Inequality in California, 1850-1950” (Ph.D. dissertation, Stanford University, 2018). Tracy L. Steffes, "Assessment Matters: The Rise and Fall of the Illinois Resource Equalizer Formula," *History of Education Quarterly* 60, no. 1 (2020): 24-57.

<sup>31</sup> Ansley Erickson and a new generation of education historians invert spatial history, showing how school construction constituted segregated neighborhoods and how integrated Nashville high schools segregated students

parents and historians focus on unequal property wealth and compensatory federal aid, by the end of the 1960s, states paid up to half of K-12 costs with taxes on income and sales. The difficulty of changing where Americans live makes the analysis of raising school money from sources other than property all the more important. A new generation of scholars is writing about the constant struggle to fund schools, which until recently was a thematic continuity rather than a research subject in education history.<sup>32</sup> Borrowing, the subject of recent works of urban and suburban history, provided important political leverage for financiers during the economic crises of the 1930s and 1970s but otherwise made up a small fraction of annual school costs.<sup>33</sup>

“Tax the Rich” focuses on the fiscal policies that outlasted regimes—on political economic ideologies that structured and challenged—and on organizations with the institutional influence to build enduring coalitions across election cycles.<sup>34</sup> Labor support for education was not guaranteed,

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into different curriculum tracks. In a promising exception to the trend, Michael Glass compares Long Island suburbs with different school tax bases, showing how a school finance lawsuit provoked negotiation in Albany. Campbell Scribner argues conflict over rural school consolidation in Wisconsin prefigured suburban local control. The classic text on free market rhetoric and neighborhood school segregation in Charlotte, Raleigh, and Atlanta is Matthew D. Lassiter, *The Silent Majority: Suburban Politics in the Sunbelt South* (Princeton, NJ: Princeton University Press, 2006). Andrew R. Highsmith and Ansley T. Erickson, "Segregation as Splitting, Segregation as Joining: Schools, Housing, and the Many Modes of Jim Crow," *American Journal of Education* 121, no. 4 (2015): 563-95. Ansley T. Erickson, *Making the Unequal Metropolis: School Desegregation and Its Limits* (Chicago, IL: University of Chicago Press, 2017). Michael R. Glass, *Cracked Foundations: Debt and Inequality in Postwar Suburbia*, book manuscript under contract with University of Pennsylvania Press. Campbell F. Scribner, *The Fight for Local Control: Schools, Suburbs, and American Democracy* (Ithaca, NY: Cornell University Press, 2017).

<sup>32</sup> As evidenced by draft work presented at the New York University History of Education Workshop by Mike Glass, Angus McLeod IV, Esther Cyna, and Amy Wilson, and published work by Matthew Kelly and Tracy Steffes.

<sup>33</sup> The vast majority—three-quarters of the operating budget—went to teachers. Many states outlaw borrowing to fund operating costs. Destin Jenkins, *The Bonds of Inequality: Debt and the Making of the American City* (Chicago, IL: University of Chicago Press, 2021). Michael R. Glass, *Cracked Foundation*, forthcoming. An earlier generation of urban historians' description of the nineteenth-century dollar limit and the segmented system have influenced my conceptualization of tax limitation. Terrence J. McDonald, *The Parameters of Urban Fiscal Policy: Socio-Economic Change and Political Culture in San Francisco, 1860-1906* (Berkeley, CA: University of California Press, 1986). Robin L. Einhorn, *Property Rules: Political Economy in Chicago, 1833-1872* (Chicago: University of Chicago Press, 1991).

<sup>34</sup> In bringing business history and labor history to school finance, my approach is distinct from history of education centered on urban regimes, political culture, or internal disunity. Jonathan Zimmerman, *Whose America? Culture Wars in the Public Schools* (Cambridge, MA: Harvard University Press, 2005). Jeffrey Mirel, *The Rise and Fall of an Urban School System: Detroit, 1907-81* (Ann Arbor, MI: University of Michigan Press, 1992). Clarence N. Stone, "Urban Regimes and the Capacity to Govern: A Political Economy Approach," *Journal of Urban Affairs* 15, no. 1 (1993): 1-28. This dissertation offers a preliminary answer to Jack Dougherty's call to combine the education history and urban history of Detroit. Jack Dougherty, "Bridging the Gap Between Urban, Suburban, and Educational

but too often overlooked by revisionist historians of education.<sup>35</sup> At the very moment canonical historians of education critiqued public schools as insufficiently democratic, conservatives backed by academic economists restricted school funding through direct and representative democracy.<sup>36</sup> Rank-and-file teacher union activists who overemphasize division within organizations wrote internal histories that minimize the conservative reaction provoked by teacher unionization.<sup>37</sup>

1960s teachers' politics were more complicated than a perpetual conflict with student and community needs.<sup>38</sup> Liberal school boards, slow supporters of limited racial integration plans, rapidly secured public sector unionism.<sup>39</sup> American Federation of State, County, and Municipal Employees contracts improved Black workers' non-instructional school district jobs.<sup>40</sup> Outside New York, teachers had options besides striking to resolve disagreements over race and education. American Federation of Teachers members in Detroit intervened in a metropolitan busing court

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History" in William Reese and John Rury, eds., *Rethinking the History of American Education* (New York: Palgrave MacMillan Press, 2007): 245-259.

<sup>35</sup> Formal education reproduced class, race, and gender inequalities as white male managers earned professional and business degrees while female and recent immigrant white-collar staff graduated with secondary school diplomas, replacing craft union apprenticeships. Cristina Viviana Groeger, *The Education Trap Schools and the Remaking of Inequality in Boston* (Cambridge, MA: Harvard University Press, 2021).

<sup>36</sup> Samuel Bowles and Herbert Gintis, *Schooling in Capitalist America: Educational Reform and Contradictions of Economic Life* (New York: Basic Books, 1976). Michael B. Katz, "The Existential Problem of Urban Studies," *Dissent* 57 (4), 2010: 65-68.

<sup>37</sup> I emphasize division *between* organizations. Marjorie Murphy, whose *Blackboard Unions* was long the only teachers union history, herself was a teacher union organizer at Cal State in the 1970s. Marjorie Murphy, *Blackboard Unions: The AFT and the NEA, 1900-1980* (Ithaca, NY: Cornell University Press, 1990). Jon Shelton represents a contemporary rank-and-file perspective. Jon Shelton, *Teacher Strike! Public Education and the Making of a New American Political Order* (Urbana-Champaign, IL: University of Illinois Press, 2017).

<sup>38</sup> Nick Juravich bridges the separation between the history of education and labor history in his forthcoming book from the University of Illinois Press, *The Work of Education: Community-Based Educators in Schools, Freedom Struggles, and the Labor Movement*. "Municipal Unionism" and "A Man by the Name of Albert Shanker" in Joshua B. Freeman, *Working-Class New York: Life and Labor since World War II* (New York: W.W. Norton & Co., 2000). Jerald E. Podair, *Strike That Changed New York: Blacks, Whites, and the Ocean Hill-Brownsville Crisis* (New Haven, CT: Yale University Press, 2008).

<sup>39</sup> From the vast literature on school desegregation, I pick an example of school board politics from the North: Gregory S. Jacobs, *Getting around Brown: Desegregation, Development, and the Columbus Public Schools* (Columbus, OH: Ohio State University Press, 1998). Ch. 3 "Detroit Education Cases" describes how the Detroit school board helped AFSCME settle its first contract.

<sup>40</sup> Joseph E. Hower, "'You've Come a Long Way—Maybe': Working Women, Comparable Worth, and the Transformation of the American Labor Movement, 1964–1989," *Journal of American History* 107, no. 3 (2020): 658-84.

case to prevent layoffs while National Education Association members in Los Angeles elected a Black national president in 1968. Competition between the teachers union and the professional association, which often disagreed, opened space for Black teachers to change their unions from within.<sup>41</sup>

Teachers bargained over education policy in addition to wages and benefits; education policy set teachers' working conditions.<sup>42</sup> During the 1960s, the American Federation of Teachers argued reducing class size was more effective for improving schools than changing management.<sup>43</sup> The union's More Effective Schools program, which halved class size, was a feature of early contract negotiations in Detroit and Los Angeles, in addition to New York. Small classes meant more teachers, and more teachers also meant more union members. Early 1970s teacher strikes forestalled teacher evaluations and accountability, even if they failed to change the structure of school finance. However, as school finance lawsuits turned from the Detroit school board's egalitarian vision of poverty law to California law professors' neoliberal logic of school choice, legal theory supported tuition vouchers. Under American Federation of Teachers president Albert Shanker, a Cold War liberal, the union endorsed charter schools, which began as an experiment in teacher, rather than principal, management.<sup>44</sup>

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<sup>41</sup> Elizabeth Todd-Breland, *A Political Education: Black Politics and Education Reform in Chicago since the 1960s* (Chapel Hill, NC: The University of North Carolina Press, 2018).

<sup>42</sup> Contemporary campaigns like Bargaining for the Common Good have revived this expansive strategy of teacher unionism.

<sup>43</sup> As do recent experiment like Tennessee's Project STAR. Alan B. Krueger, "Experimental Estimates of Education Production Functions," *The Quarterly Journal of Economics* 114, no. 2 (1999): 497-532. Raj Chetty, John N. Friedman, Nathaniel Hilger, Emmanuel Saez, Diane Whitmore Schanzenbach, and Danny Yagan. "How Does Your Kindergarten Classroom Affect Your Earnings? Evidence from Project Star \*." *The Quarterly Journal of Economics* 126, no. 4 (2011): 1593-660.

<sup>44</sup> Richard Kahlenberg minimizes the role of an internal challenger to AFT leader Albert Shanker, the union's prior president and longtime organizer David Selden, whose Michigan roots helped him secure UAW support for successful teacher union recognition campaigns during the 1960s, as Ch. 3 "Detroit Education Cases" argues. Richard D. Kahlenberg, *Tough Liberal: Albert Shanker and the Battles over Schools, Unions, Race, and Democracy* (New York: Columbia University Press, 2007). David Selden, *The Teacher Rebellion* (Washington, D.C.: Howard University Press, 2003).

I begin writing the history of education economics, largely absent from the history of education research, by identifying advisors to school funding campaigns.<sup>45</sup> For much of the twentieth century, educational administrators debated the relationship between quality and money in education: would better schools persuade Americans to pay, or would more money make schools better? Today, education economists ask which schools or teachers can do more with less. Institutionalized as a subfield of economics by the 1960s, education economics used inferential statistics to sort through the answers rather than historical analysis.

Organizations drew on the applied social sciences, featured in a section of each dissertation chapter, to guide the distribution of school money. The early twentieth-century literature on state aid to education, drawn from public finance and educational administration, developed in response to the practical problems of unequal local school property taxes and shifting sources of income and wealth. As public administration professionalized and defended public services during the New Deal, academics left lay researchers and taxpayers associations to their advocacy of economy and efficiency in government. After the war, economic popularizers promoted economic education to protect private or free enterprise while businesses defunded public labor education. Drawing on the rights revolution, legal theories of educational need promised expansive school finance reform beginning in 1968. Instead, an old educational administration idea of equal reward for equal effort renamed “power equalizing” divided the base of support for public education and justified tuition vouchers. In the streets rather than the courts, Detroit teachers struck for more than a month in 1973, forcing a school finance settlement that had eluded Ford Foundation grantees

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<sup>45</sup> Starting with public finance economist and American Federation of Teachers member Harold Groves, continuing with the popular education economist of midcentury, Charles Benson, then public choice economists like James Buchanan and his students, and the radical political economists Samuel Bowles and Herbert Gintis. Ellen Condliffe Lagemann, *An Elusive Science: The Troubling History of Education Research* (Chicago: University of Chicago Press, 2000).

who gamed out decisions in political science seminars. Economists trained at the University of Chicago and the University of Virginia shared their academic work on deregulation, optimal taxation, and public choice with businesses and conservatives, and helped them write and promote effective ballot initiatives and legislative bills to put the research into action.

## **Part I Farm and Free Enterprise, 1930 to 1957**

Ch. 1 “Tax Slackers” describes how twentieth-century school finance was constrained by the pre-New Deal political economy. The chapter begins with an intellectual history of the conjoint development of the state income tax and school finance formulas in Progressive-era New York that provides conceptual background for the dissertation. It then charts the emergence of a grassroots political movement of farmers organized to pass overall property tax limits in the midwest, leading legislators to the state sales rather than income tax, and creating a rift with the newly powerful labor movement. Often allied with business associations to cut property taxes, farm organizations had different opinions than many businesses about the income tax, which farmers thought should fund schools. After all, high income was the return on a good education. Yet, unable to pass an income tax, farmers compromised with businessmen to lobby for a sales tax.

Ch. 2 “The Sentinels” explains the development of the concept and institutions of “economic education” outside business associations during the 1940s and 1950s. Taught as everyday ideas, economic education replaced labor education as an interpretative source of industrial life for the masses, and influenced early attempts to pass a federal constitutional limit on income taxation during an era when marginal federal rates were as high as 91 percent. This chapter adds the Detroit automobile industry into the postwar conservative intellectual movement, and

points out forgotten continuities by tracing how business conservatives used municipal research bureaus to fight urban political machines that were responsive to immigrants and workers.

## **Part II Liberal-Labor Alternative, 1957-1973**

Ch. 3 “The Detroit Education Cases” embeds three foundational court cases in the subfields of school finance, public sector unionism, and urban history in a story of political possibility in the late 1960s and early 1970s. While everyone from taxpayers to Republican governors to the labor movement and the Ford Foundation agreed local property taxes were a problematic school funding source, they had competing definitions of preferred school funding criteria. Detroit teachers and autoworkers who took over the city’s school board in order to legalize public sector unions thought states should allocate enough money to meet students’ educational needs. At the same time, teachers across Michigan joined together to outlaw public money for private schools.

Ch. 4 “Tax the Rich in Michigan” complicates the timeline of school desegregation, showing how court orders for metropolitan busing for racial integration both exacerbated an urban school fiscal crisis in the early 1970s and were political leverage for union teachers who intervened in the case to keep their jobs. However, teachers and liberals were increasingly divided from each other and the labor movement in trying yet again to tax the rich to fund public schools, which Michigan voters refused to do. Faced with a mounting Detroit school deficit, the Ford Foundation, experts, bankers, state legislators and state administrators intervened for an unlikely compromise: an income tax imposed on (not voted on by) individual (but not corporate) residents of the city.

Ch. 5 “Tax the Rich in California” shows school finance ballot initiatives came slightly earlier in California than Michigan, when the state’s National Education Association was an influential education lobbyist willing to tax both the poor and rich for schools. After the Detroit

school board's egalitarian vision failed in the courts, the Ford Foundation's network of experts changed the course of school finance reform lawsuits. Tuition voucher advocates from California thought states should reward local taxing effort, and at much lower levels than the doubled school funding teachers union envisioned. The foundational California Supreme Court decision to make unequal local school property taxes illegal briefly increased education budgets, but collapsed under the weight of conservative reaction.

### **Part III New Right Reaction, 1968-1980**

Ch. 6 takes a Sandra Day O'Connor description of Arizona's 1974 tax limitation bill as its title. "Don't Spend It Faster Than I Can Make It" is an alternative origin story of the tax revolt often associated with California's Proposition 13 property tax cut. Repositioning an earlier California ballot measure to limit the overall size of government by constitutionally slowing its rate of growth, the chapter reveals the elite conservative roots of the tax revolt in Ronald Reagan's gubernatorial administration and public choice theory. Before there were tax cuts, there were tax limits. Conservatives learned by losing, and rose to national power in 1980 by testing ideas and building institutions like the American Legislative Exchange Council through tax campaigns.

Ch. 7 "Model Legislation" describes a parallel business effort to limit government taxing and spending that soon converged with California conservatives' campaigns. Following political operatives, economic advisors, and business donors from California to Michigan, the chapter shows how businesses reacted to the budgetary pressures of school finance reform and teacher unionism. Businesses organized connected local, state, and national efforts to cut government, fine-tuning an organizational repertoire that succeeded when economic crisis created political opportunity at the end of the 1970s



Ch. 8 “Victory in the States” follows tax limiters to Tennessee, where the first state constitutional limit on the overall size of government passed just months before California’s Proposition 13 property tax cut, and back to Michigan again. To win, tax limiters learned to simplify amendments, reduce property taxes, fundraise from businesses, recruit activist economists and conservative and libertarian party members, and neutralize teachers. Businesses’ and conservatives’ campaign for a tax limitation amendment to the U.S. constitution fell a few votes short in the U.S House and a few states short in the subsequent campaign for a federal constitutional convention. Nonetheless, the cadre trained by tax limitation worked in state houses and the White House. The Reagan presidency marked an era of retrenchment in local, state, and federal support for public education, and of the expansion of private education.

## **Interlude: Education and Business Research About Schools and Taxes Before the New Deal**

During the 1920s, economists and educational administrators designed new formulas to equalize local school spending. The basic problem of school property taxes was this: if local property wealth varied depending on whether there were industrial plants or residential homes or family farms, then the same tax rate produced different revenue in different places. Whatever the differences in local taxation, the responsibility for education belonged to the state. State constitutions set standards like “efficient” or “thorough” education, or delegated criteria for free schools to the legislature. To subsidize low-spending school districts, all but nine states levied a statewide school tax on income, sales, or property by the 1920s.<sup>1</sup> The era of mass high school attendance put pressure on state and local tax bases. Within five years of the first state legislative bill to equalize local school spending, the U. S. Chamber of Commerce created a State and Local Finance Committee. One of business leaders’ prime recommendations to limit state and local spending was to establish a research bureau or taxpayers association. Thus, business expertise replaced economic and education expertise in school finance during the Great Depression.

## **The Columbia School of State Aid: Subsidies for an Adequate or Minimum Education**

The Columbia school of state aid developed model funding formulas to allocate state subsidies to local schools for “equal educational opportunity.” Columbia University, with its preeminent Teachers College and its leading economics department promoting redistributive taxation, trained and employed scholars who proposed two competing ways to equalize educational opportunity, by rewarding local effort or by guaranteeing an adequate or minimum foundation. Though today this field has its own specialty journals and courses, school finance, in

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<sup>1</sup> Besides Iowa, these states were in the Great Plains or the Mountain West or Pacific Northwest. ◊: 71.

fact, has direct roots in progressive economics.<sup>2</sup> In 1923, the New York state legislature adopted the formula for an adequate or minimum foundation. A state with both the income and sales tax, New York became a model for American states without one or either as the “foundation” program spread during the 1920s.

During its early days as a discipline, economics taught public finance alongside subjects long since abandoned to less prestigious departments, from the history of economic thought to money and banking. By 1892, twenty-one universities offered public finance courses that mixed methods from history and law, perspectives both comparative and policy-oriented, and the German focus on spending with the British on revenue. Unlike the federal government, which received direct revenue from production and trade through excise taxes and the tariff, state and local governments depended indirectly on returns through taxes on real estate, personal property, corporations, intangibles like money, credit, and securities, inheritance, luxuries like racing or alcohol, or tolls, fees and special assessments.<sup>3</sup> Cities such as Chicago used special assessments so targeted they taxed businesses for only those sidewalks adjacent to their property.<sup>4</sup> During the long depression of the 1890s, as Henry George’s single-tax on land gained popularity and the Supreme Court restricted income taxation in *Pollock v. Farmers’ Loan and Trust Company*, public finance economists sought to tax the profits of industrialization and urbanization.<sup>5</sup>

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<sup>2</sup> Revisionist historians of education who critiqued early twentieth-century educational administrators from the perspective of social history also minimized their financial legacy. Raymond E. Callahan, *Education and the Cult of Efficiency* (Chicago: University of Chicago Press, 1962).

<sup>3</sup> George C. S. Benson, *The American Property Tax: Its History, Administration, and Economic Impact* (Claremont CA: Institute for Studies in Federalism, Lincoln School of Public Finance, Claremont Men's College, 1965). Seligman.

<sup>4</sup> Robin L. Einhorn, *Property Rules: Political Economy in Chicago, 1833-1872* (Chicago: University of Chicago Press, 1991).

<sup>5</sup> Ajay K. Mehrotra, "From Seligman to Shoup: The Early Columbia School of Taxation and Development," *Indiana Legal Studies Research Paper No. 207* (2012).

Public finance's lineage in political economy and law attracted figures who both theorized and changed finance, none more prominent than Columbia University professor Edwin R. A. Seligman. The prevailing benefits theory of taxation held that taxpayers should pay taxes for services and infrastructure that benefitted them, a logic similar to contemporary user fees. A new theory of ability to pay came to undergird progressive income taxation with rates graduated by income class. Seligman changed the meaning of ability (or faculty or capacity) to pay from classical economist John Stewart Mill's idea of personal sacrifice to economic power.<sup>6</sup> Seligman and his students proposed that governments should strengthen democracy by applying economists' empirical research and employing expert administrators to tax as much income as possible—whether it came from stocks, personal property, or salaries.<sup>7</sup>

As Columbia economists trained students to use empirical methods and state action for social reform in the American states and around the world, a distinctive practice grew in midwestern universities in a region where property taxation had been challenging to implement.<sup>8</sup> Wisconsin and Chicago alongside Columbia and Harvard trained the majority economists with an advanced degree between 1904 and 1928.<sup>9</sup> The more than two hundred public finance dissertations written in these and other universities during this period frequently examined state and local taxes. University of Wisconsin professor T. S. Adams wrote the state's 1911 income tax law, the first in

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<sup>6</sup> What legal historian Ajay Mehrotra calls a "new fiscal idiom."

<sup>7</sup> At the time, support for the income tax came from conservatives like William Graham Sumner and Thomas Nixon Carver as well as socialists like those political economists at the University of Wisconsin. Seligman's students Murray Haig and Carl Shoup who succeeded him in turn as McVickar Professor of Political Economy at Columbia argued a comprehensive or unified type tax was best. Haig described income as "the money value of the net accretion to economic power between two points in time," quoted in Mehrotra, 17. At one point, Shoup proposed taxing capital gains as income.

<sup>8</sup> See also Madeline Woker, "Edwin Seligman, initiator of global progressive public finance," *Journal of Global History* 13(3), 352-373 which references Mehrotra's later construction "economic development." Ajay Mehrotra, "From Seligman to Shoup: The Early Columbia School of Taxation and Development,"

<sup>9</sup> Froman 1930 quoted in Marianne Johnson, "Progressivism and Academic Public Finance, 1880 to 1930," *History of Political Economy* 46, no. 1 (2014): 1-32.

the nation since faculty taxes faded in the nineteenth century. Richard T. Ely at Wisconsin and Henry C. Adams at Michigan wrote the subfield-defining textbooks.<sup>10</sup> Tax administrators made Ohio a testing ground for replacements of the general property tax.

At the first meeting of the National Tax Association in Columbus in 1907, called by Ohio's governor, professional tax administrators, public finance economists, businessmen and lawyers together resolved to change constitutions, laws, and administrations to make taxation more just and simpler.<sup>11</sup> Rather than the American Economic Association, once a bastion of radicals now overtaken by avatars of professional conservatism, Seligman and Henry C. Adams instead found their public platform in the National Tax Association, an organization of practitioners as well as theorists. After a 1906 New York tax commission proved unwilling to endorse a state income tax, Seligman campaigned for the federal income tax, ratified in 1913, and wrote tax law, including Connecticut's 1914 corporate income tax and New York's 1919 personal income tax. In the beginning, New York's personal income tax ranged from one to three percent depending on net income.<sup>12</sup>

Seligman left a redistributive legacy in school finance as well. During his lifetime of study in Morningside Heights, including law and graduate school at Columbia, Seligman mentored American public finance economists as German historicists and institutionalists had mentored the first generation of progressive economists like himself. His students went on to test school taxes

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<sup>10</sup> Ibid.

<sup>11</sup> Quoted in Foote 1913, 4 in Johnson, "Progressivism and Academic Public Finance."

<sup>12</sup> Columbia professor H. A. E. Chandler wrote the report of a 1916 state legislative committee that recommended an income tax be split between the state and localities. Edwin R. A. Seligman. "The New York Income Tax." *Political Science Quarterly* 34, no. 4 (1919): 521-45. Bill: <https://babel.hathitrust.org/cgi/pt?id=hvd.hl470c&view=1up&seq=9>

in New York, and relying on National Tax Association model bills, advocate for greater levels of state aid.<sup>13</sup>

The idea that the state should equalize rather than exacerbate local school funding differentials took modern form in Stanford University education professor Ellwood P. Cubberley's 1905 book *School Funds and Their Apportionment*, begun as a dissertation at Teachers College. An Indiana native who followed the president of his alma mater Indiana University west, Cubberley became the dean of educational administrators, figuratively and literally leading Stanford's Department then School of Education beginning in 1898 after a stint as San Diego superintendent.<sup>14</sup> Cubberley dismissed several bases for distribution of state aid to local schools related either to taxes and wealth or to increasingly elaborate measures of educational work hours. Instead, the scholar proposed state aid be distributed based on need and effort. For example, while some school districts could afford to make the effort to establish kindergartens, others in need of them could not. Recognizing that educational efforts would vary over time and place, Cubberley combined the number of teachers employed and the number of school days students attended into a standardized measure of cost. Defending the feasibility of conditions on state aid, Cubberley argued that if, as was common practice, state legislatures could require minimum teacher salaries and school district consolidation in exchange for state aid, then legislators could impose equalization formulas as well.

Scholars and practitioners continued to debate the implication of Cubberley's argument that urban areas should subsidize rural ones. In New York, farm organizations like the Grange and Farm Bureau in addition to education organizations like the State Teachers' Association and

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<sup>13</sup> One of these students was Robert Murray Haig who cited the National Tax Administration's "Plan of a Model System of State and Local Taxation" in arguing New York, which spent 6.12 percent of people's income on public education, could afford more state aid.

<sup>14</sup> Callahan, *Education and the Cult of Efficiency*, 1962.

the State College of Agriculture commissioned a study of state aid to rural schools. In his 1922 study report, University of Pennsylvania professor Harlan Updegraff, an alumnus of Columbia University Teachers College master's program, suggested the amount of state aid should correspond to a community's "true wealth" and also its "demonstrated interest" in paying for schools with local funds.<sup>15</sup> For example, among two equally poor school districts, the district that tried harder to tax local property owners would receive more in state aid under Updegraff's formula. The following year, however, the legislature voted down a bill to reallocate aid to the benefit of rural schools. Columbia's public finance experts did not see this as a failure, charging that such a bill distorted constitutionally-required uniform tax rates.<sup>16</sup> The Columbia economists insisted in every forum they could that subsidizing local tax effort was a standard incompatible with their goal of statewide equalization, which required a minimum amount of per pupil spending.

School finance studies proliferated in the early 1920s after educational administrators investigated the "emergency in education" exposed by WWI.<sup>17</sup> A combination of draft board examinations of unprepared soldiers, Protestant administrators' nativist fears about Catholic immigrants, and teachers' strategically-timed demands for raises, the emergency launched

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<sup>15</sup> Harlan Updegraff, *Rural School Survey of New York State: Financial Support* (Philadelphia, PA: Wm. F. Fell Co. Printers, 1922).

<sup>16</sup> George D. Strayer and economist Robert Murray Haig, both of Columbia characterized Updegraff's proposal as a reward for special "effort." Strayer and Haig, 1924, Footnote 1, 175. In the nineteenth century, states amended their constitutions to require all property be taxed at equal rates in universality and uniformity clauses. Benson, *The American Property Tax*, 1965.

<sup>17</sup> Strayer began his career as a teacher in the one-room schoolhouses of Pennsylvania before receiving his doctorate in the same Teachers College graduating class as Cubberley. At Teachers College, Strayer was also director of field studies. After WWI, Strayer became president of the National Education Association. Strayer's term began in July, 1918 at the annual NEA meeting in Pittsburgh. Earlier that year, Strayer was put in charge of the association's Commission on the Emergency in Education and the Program for Readjustment During and After the War which lobbied for, among other long-standing goals, a federal Department of Education and raises for teachers. NEA, *Addresses and Proceedings of the 57<sup>th</sup> Annual Meeting*, Volume LVII, (Washington, D.C.: NEA, 1919). Education Bill: Joint Hearings Before the Committee on Education and Labor, Congress of the United States, Sixty-sixth Congress, First Session on S. 1017 to Create a Department of Education, to Authorize Appropriations for the Conduct of Said Department, to Authorize the Appropriation of Money to Encourage the States in the Promotion and Support of Education, and for Other Purposes. H.R. 7. United States: U.S. Government Printing Office, 1919.

investigations of school resources. Teachers College professor of education administration and National Education Association president George D. Strayer presented an alternative to Updegraff. At a Citizens' Conference on Education called together by the U. S. Commissioner of Education, Strayer spoke on teachers' "salary situation," suggesting a study of education revenues.<sup>18</sup> Leaving the "character and extent" of public education to others, the National Education Association founded an Educational Finance Inquiry to consider the problem of cost in 1921.

Along with Columbia economists, professors and students at the university's Teachers College formulated taxes for equalization based on students' minimum educational needs rather than their neighbors willingness to tax local property. The Rockefeller Foundation's General Education Board and the Carnegie Corporation, as well as some smaller funds, underwrote an inquiry into how to pay for education costs. Advised by the National Bureau of Economic Research, the American Federation of Labor, and various universities, the inquiry raised the stakes of the "financial question" for the national economy while using New York as its case study. Teachers College staffed the resulting commission with Seligman as an advisor and Strayer as the director.<sup>19</sup> Another colleague of theirs, Columbia University economist Robert Murray Haig, split his time as commission associate director and secretary and chief of staff to the New York legislature's Joint Committee on Taxation and Retrenchment, assembled years earlier to draft the state's income tax.<sup>20</sup> These reformers determined there was no new tax revenue to find for

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<sup>18</sup> The Carnegie Foundation for the Advancement of Teaching, Part V The Financing of Education of the Report of the President in "Eighteenth Annual Report of the President and of the Treasurer," (New York, 1923), 121.

<sup>19</sup> Economist Robert Murray Haig was the associate director Funds passed through the American Council on Education. iii.

<sup>20</sup> The Davenport committee later recommended that utilities and banks be taxed like other businesses, drivers pay for roads through a gas tax and truck fees, and that property be more professionally assessed and taxed locally as real estate.



education, the most expensive state and local program—they would have to change the existing school finance system.<sup>21</sup>

The 1923 Strayer-Haig formula for allocating funds to school districts based on how much money they needed to meet students' minimum education needs, what followers called the "foundation program," set the terms of school finance debates until the 1960s.<sup>22</sup> Strayer and the commission's report "The financing of education in the state of New York" had considered two paths to "equal educational opportunity:" the state could directly fund and administer schools or indirectly subsidize and supervise schools. New York, and ultimately dozens of other states, chose the latter, complicated formula. While commission directors quickly admitted that the "simplest method" of school finance would be "uniform state-wide taxes based on ability-to-pay" they offered an alternative: apply the richest school district's local tax rate in every other district, and let the state make up the difference in tax revenue generated from unequal tax bases.<sup>23</sup> Thus, the legislature connected state aid to education to tax ability (measured in local property wealth) rather than tax effort (measured in local property tax rate).

Strayer supervised several Teachers College dissertations that standardized measures of state equalization, including Paul R. Mort's. Mort calculated the cost of "educational need," the satisfactory or adequate minimum that Strayer and Haig proposed. Since the number of teachers needed varied with student age and district size, particularly in rural districts, measuring the major component of school operating budgets—teacher salaries—had to be done piecewise, estimating lines of best fit based on breaks in the data.<sup>24</sup> Mort proposed that weighted pupils replace teachers

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<sup>21</sup> Whether municipalities or school boards levied taxes did not matter: the former went into more debt and spent more on teachers while the latter favored operations, students, and the physical plant.

<sup>22</sup> Stray references appear in the 1930s, but Paul R. Mort seems to have established the attribution to Strayer and Haig in his textbook *Public School Finance: Its Background, Structure, and Operation* by the 1950s.

<sup>23</sup> The financing of education in the state of New York; a report reviewed and presented by the Educational finance inquiry commission, under the auspices of the American council on education, Washington, D.C., 174.

<sup>24</sup> Mort used the standard measure of state aid, average daily attendance.

as the unit of educational need. Rotating combinations of Strayer, Haig, Mort and other Columbia students continued to advise New York state legislators and to author legislation, including a 1924 bill to raise seventy dollars per elementary student based on communities' ability to pay and state funds to equalize.<sup>25</sup> However, Strayer and Haig's 1923 report had found local school district expenditures varied from \$26 to \$272 per student.<sup>26</sup> Thus, state aid never fully equalized education.

Critics like the Carnegie Foundation thought that if only schools were better, taxpayers would be more willing to fund them. Faulting the report's lack of evaluation or interpretation, the president of the Carnegie Fund for the Advancement of Teaching, the astronomer and former MIT president Henry S. Pritchett, bemoaned the "elaborate flourish of scientific statistics" and considered the "refinements of economic theory" a "harangue."<sup>27</sup> Teacher College professor Strayer and the National Education Association had tried to sidestep the chicken-and-egg question of whether more money led to better schools or better schools led to more money when they limited their post-WWI inquiry to educational finance. At the time, there was no labor alternative to partial equalization of school finance. Philosopher of democracy John Dewey, based at Teachers College and among the first to sign a union card of the American Federation of Teachers in 1916, did not write school tax plans; nor did the unions' other members.

Surveys proliferated as the Educational Finance Inquiry and Teachers College professor Paul Mort conducted school finance studies—together and separately—in other states, including

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<sup>25</sup> Mort, Report of the Special Joint Committee on Taxation and Retrenchment, 1925. "A New Plan for Rural-School Aid in New York," *School and Society* XX (513) (1924), 525.

<sup>26</sup> A. E. WINSHIP, HENRY TURNER BAILEY, PETER A. MORTENSON, WILLIAM MCANDREW, IDE G. SARGEANT, CHARLES S. CLARK, J. H. ERSENHAUER, MACY CAMPBELL, GEORGE D. STRAYER, CHARLES C. TILLINGHAST, and W. W. BORDEN. "ADDRESSES AT CLEVELAND." *The Journal of Education* 97, no. 13 (2423) (1923): 341-49.

<sup>27</sup> The Carnegie Foundation for the Advancement of Teaching, Part V The Financing of Education of the Report of the President in "Eighteenth Annual Report of the President and of the Treasurer," (New York, 1923), 127. Henry Smith Pritchett was President and Robert A. Franks was Treasurer.

an unpublished one in Michigan.<sup>28</sup> Directed by Mort and funded by the U. S. Congress from 1931 to 1933, a national survey revealed conflict between educational administrators and other groups.<sup>29</sup> Representatives from the State Grange, Farm Bureau, and Lansing Chamber of Commerce sat on the Michigan Advisory Committee for the National Survey of School Finance. A State Educational Survey Commission appointed by the Michigan governor scientifically surveyed school finance but the 1931 legislature failed to pass any alternatives to property taxes.<sup>30</sup>

As the Strayer-Haig formula during the 1920s, states struggled to shift away from property taxes both local and statewide as revenue sources. Moreover, cities took on debt when annual operating budgets did not cover the decade's municipal and school building boom, undergirded by surveys Strayer co-authored. When loans came due and property tax delinquency spiked during the early 1930s, a tax revolt alternately led by farmers and businesses forced new state aid programs. Mort, author of an influential refinement of the Strayer-Haig formula and director of many school surveys, advised the Ohio state legislature after voters made the state's statutory limit constitutional.<sup>31</sup>

There would be no more scholarly pairs like Strayer and Haig as neoclassical economics departments and specialized school finance programs competed to explain and change education. University of Chicago education professor Henry C. Morrison reached back for Edwin R. A. Seligman's 1895 *Essays in Taxation* to justify taxing based on ability to pay, wherever the taxables were, for full state funding in 1930.<sup>32</sup> The Strayer-Haig formula never specified what type of tax should fund state aid. Even though he advised the anti-tax California Taxpayers Association,

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<sup>28</sup> Michigan's *The Report of the State Education Survey Commission* in 1931 was based on Mort and Thrun's work. Alfred D. Simpson, "State and Federal Aid." *Review of Educational Research* 2, no. 2 (1932): 148-62.

<sup>29</sup> Tracy Lynn Steffes, *School, Society, and State: A New Education to Govern Modern America, 1890-1940* (Chicago: University of Chicago Press, 2012): 100.

<sup>30</sup> "Legislative Program," *Michigan Education Journal* 9 (8) (April 1932): 1053

<sup>31</sup> A state aid formula for equalization by weighted pupil. *Ibid.*

<sup>32</sup> Henry C. Morrison, *School Revenue* (Chicago: University of Chicago Press, 1930).

Stanford education dean Ellwood Cubberley's own school budget preference was for forty to sixty percent "from state sources under modern conditions of wealth distribution" which included income taxes.<sup>33</sup> However, the Columbia school of state aid's ideological commitment to ability to pay became increasingly detached from available fiscal instruments during the Great Depression as state constitutions banned income taxation and permitted sales taxation.

### **The Elaborate System of Business Fiscal Control Before the New Deal**

Business organizations deployed the term "economy" specifically to mean vigorous restraint in public spending; increasingly they would propagandize "economy [as] the best practical politics" during the early Depression.<sup>34</sup> This effort involved constructing an elaborate infrastructure that could do research, compile data, distribute knowledge, and create the "facts" and narrative of public revenue and spending. With political machines in charge of Kansas City and other cities, however, businessmen had trouble obtaining financial figures, especially if there was a lot of padding going on in various types of projects.<sup>35</sup> To argue something should cost less, taxpayers first had to know how much it cost. In cities like Detroit, chambers of commerce organized or cooperated with a "bureau of governmental research to serve as a fact-finding agency, operating either within or without the chamber."<sup>36</sup> Thus they took what had been a Progressive-

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<sup>33</sup> The average across the United States was 16. Halter, 205 quoted from Cubberley's textbook *Public School Administration*.

<sup>34</sup> While the business role in state and local fiscal politics as late as 1930 is mentioned in Higgens-Evenson, this section goes through 1934, and provides evidence of more direct influence. Morris Edwards, "Your Part in Tax Reduction," *Nation's Business* vol. 20, no. 5 (May 1932): 25-27.

<sup>35</sup> Correspondence between research bureau directors cited in Ch. 2 "The Sentinels" offers this rationale as an origin story.

<sup>36</sup> *Taxation Activities: Efforts by Business Associations to Deal with Problems of State and Local Taxation and Expenditures* no. 1529 (Washington, D.C.: Chamber of Commerce of the United States, March 1931): 9.

era labor reform and redirected it toward very different aims.<sup>37</sup> Taxpayers associations, particularly in California, often served the same function as research bureaus.

In 1928 when state and local tax bills were twice that of federal, the U.S. Chamber created a Committee on State and Local Taxation. Indiana banker Felix McWhirter chaired the committee which included researchers, bankers, manufacturers, railroad and agriculture tax experts, a Yale professor, and a public utility executive, representing industries with sometimes conflicting fiscal interests.<sup>38</sup> Detroiters served on the State and Local Taxation Expenditures Committee from its start, including an H. H. Rice, the research bureau director Lent Upson, and banker Henry Hart, secretary to the investment arm of the Detroit Trust Company and to the Michigan Manufacturers' Association.<sup>39</sup> These three supported a successful private effort by the Detroit Trust Company's chairman to cut the city of Detroit's budget by one-fifth in 1932. Chambers of commerce also gathered in state conferences; for example, in Michigan in 1929 to consider "possible changes in state fiscal laws, especially those controlling local governments."<sup>40</sup> The U.S. Chamber cautioned that private conferences with public officials who took credit for fiscal policies were more successful than publicity campaigns.<sup>41</sup>

The U. S. Chamber's Taxation Division supported six hundred commercial and trade organizations analyzing local budgets, advising officials, and devising plans to "help taxpayers get their money's worth, by increasing the mileage of the tax dollar." By contrast, the National Association of Manufacturers focused on national legislation while manufacturers shared state and

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<sup>37</sup> Thomas A. Stapleford, *The Cost of Living in America: A Political History of Economic Statistics, 1880-2000* (Cambridge, UK: Cambridge University Press, 2009).

<sup>38</sup> Yale professor of political economy Fred Fairchild. Committee on State and Local Taxation and Expenditures, 1930-31, U.S. Chamber *Taxation Activities*.

<sup>39</sup> Michigan collected a corporation tax of 2.5 mills on capital and surplus, with a maximum of \$50,000. Committee on State & Local Taxation and Expenditures, 1931-1932, Committee on City Finance Reports Miscellaneous Correspondence 1931, Box 30, DBGR.

<sup>40</sup> Morris Edwards, "Your Part in Tax Reduction," *Nation's Business* vol. 20, no. 5 (May 1932): 25.

<sup>41</sup> Morris Edwards, "Your Part in Tax Reduction," *Nation's Business* vol. 20, no. 5 (May 1932): 25-27.

local policy through a National Industrial Council of employers' associations, trade associations, and manufacturers' associations. During the early 1930s, the National Industrial Council published a handbook of state legislation, held an annual meeting, and assembled in regional groups like the Midwest Manufacturers Association.<sup>42</sup> Trade associations like the National Automobile Chamber of Commerce monitored a proposed federal automobile tax, and road funding in the states, but not overall state and local spending.<sup>43</sup>

Businessmen were not reckless budget slashers—they looked “at public business as they look at their own private business” asking questions like “Is this a proper function for our government to undertake?”<sup>44</sup> The U.S. Chamber's Finance Department asked “if we believe that our city government is overloaded with employees working earnestly on matters of ridiculous inconsequence, what can we do about that, so long as most of our energy is required to earn a living?” and answered join an organization urging politicians to control local spending.<sup>45</sup> A chamber of commerce was best in the long run, but a neighborhood club, citizens' league, luncheon club, or taxpayers' association would do. If no such organization existed, the U. S. Chamber's Finance Department explained it was “not a monumental job to put together a taxpayers' association or similar organization.” Although groups of citizens with a narrow viewpoint—a

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<sup>42</sup> At the start of 1932, the president of the National Association of Manufacturers invited state manufacturers' associations to “participate more actively and directly” in the board's deliberations. The Michigan Manufacturers' Association's General Manager chaired the resulting five-person committee of state leaders. Lovett's motion at the January 25, 1932 conference of 21 manufacturers' associations in Washington D.C., September 1931 to June 1936 Volume, Box 232, Series XIII Board of Directors' meetings, NAM.

<sup>43</sup> The federal Revenue Act of 1932 included income, estate, gift, and boat taxes, in addition to a manufacturers' excise tax. February 11, 1931-March 9, 1932 Folders, Box 21, Roy Dikeman Chapin Papers, Bentley Historical Library, University of Michigan. General Motors president Alfred Sloan had a seat on the U. S. Chamber of Commerce's Federal Taxation Committee during the early depression. However, the U.S. Chamber refused to take a position on the automobile trade association's excise tax report. The state's Good Roads Association, run by auto chamber leader Roy Chapin, urged legislators to tax gas consumption rather than automobile production to build and repair roads. In August 1932, President Hoover appointed Chapin Secretary of Commerce, removing the manufacturers' lobbyist from state politics. January 22-23, 1932 meeting minutes, Box 2, U.S. Chamber records.

<sup>44</sup> Taxation Division, Department of Finance, Chamber of Commerce of the United States, *How about Reducing the Cost of Government?*, April 1931, Folder Pamphlets H, Box 66, Series <>, U.S. Chamber records.

<sup>45</sup> Morris Edwards, “Your Part in Tax Reduction,” *Nation's Business* vol. 20, no. 5 (May 1932): 25-27.

“catch-penny conception of public finance”—might succeed in the short-term, the U. S. Chamber instructed more moderate business associations to secure respect over the long-term by basing policy on facts they gathered.<sup>46</sup>

In large cities with complicated problems, the U.S. Chamber’s Finance Department recommended businessmen “organize a research bureau” of men who “know something about public administration and put them to work.” The research bureaus the U. S. Chamber advocated founded an association for “individuals professionally engaged in governmental research” in New York in 1915 as a counter to Tammany Hall’s patronage.<sup>47</sup> Based in Chicago beginning in 1932, the Governmental Research Association was part of the early twentieth-century professionalization of public administration in reaction to urban machine politics. In smaller cities, the U.S. Chamber’s Finance Department’s thought an energetic secretary was a cheaper substitute for a research bureau: a “he-citizen with blood in his eye” would get the job done.

Research bureaus and taxpayers associations surveyed divisions of government to find efficiencies, recommend cost reductions, and address public criticisms.<sup>48</sup> Waste included high-priced employees in menial jobs, paying something and receiving nothing, a part day’s work for a full day’s pay, uneconomical selection, production of poor quality, forces out of control, tied-up capital, lack of morale. Standards and ratings would permit the researcher to defend findings against government employees. Humble researchers believed they were most influential when the

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<sup>46</sup> U.S. Chamber *Taxation Activities*, 9.

<sup>47</sup> John Louis Recchiuti, *A Science of Municipal Government: "Scientific Training" or "Agents of Wall Street"?* in *Civic Engagement: Social Science and Progressive-Era Reform in New York City* (Philadelphia, PA: University of Pennsylvania Press, 2007).

<sup>48</sup> J. M. Leonard, “Important Techniques in Surveying Governmental Agencies” in 1931 GRA Proceedings, 34.

public accepted their recommendations and others helped to implement.<sup>49</sup> Bolder researchers claimed credit for saving taxpayers money.

Taxpayers associations were more openly political than research bureaus. In 1931, Los Angeles organized a Bureau of Municipal Research but it would be the California Taxpayers' Association that worked with the city's chamber.<sup>50</sup> Taxpayers associations like the California Taxpayers Association were dominated by business interests and large taxpayers such as utilities.<sup>51</sup> The writer and California gubernatorial candidate Upton Sinclair charged that the Southern California Edison Company paid for a male campaign manager of the "Women's Committee of the Los Angeles Taxpayers Association" and produced literature for the Parent Teacher Association.<sup>52</sup>

The Governmental Research Association of professional researchers maintained lists of state taxpayers' associations from the 1910s into the 1930s; forty-two existed during the early Depression, thirty-two of which had programs affecting education costs.<sup>53</sup> City and county taxpayers associations numbered in the hundreds, perhaps thousands, and most frequently recommended cutting teacher and administrator salaries by reducing school property taxes and constitutionally limiting the total tax rate.<sup>54</sup> When it came to schools, according to one taxpayers'

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<sup>49</sup> Clarence Shenton, "Reporting and Measuring Research Achievements," Proceedings Twenty-second Annual Meeting of the Governmental Research Association, Atlantic City, NJ, November 8-9, 1933 (Chicago: Governmental Research Association, 1933): 10.

<sup>50</sup> The California Taxpayers' Association director of research Harold A. Stone organized a Public Administration Group of professional researchers, city, county and school officials, and professors. Russell Forbes, "Report on the Work of the Governmental Research Association" in Proceedings 1931, 25.

<sup>51</sup> There was also a San Francisco Bureau of Governmental Research mentioned in Halter, 170. In the late 1920s, an executive of the Great Western and San Joaquin Power Companies testified to the Federal Trade Commission that utilities contributed the most money to the California Taxpayers Association. Testimony before the Federal Trade Commission, Direct Examination of Fred A. Wishon of the Great Western and San Joaquin Power Companies, May 2, 1929 (Washington, D. C.: Government Printing Office, 1929): Senate Document 92 Part 14, pp. 97-101 cited in Halter, 131.

<sup>52</sup> Sinclair, *The Goslings*.

<sup>53</sup> Halter, 58, 136.

<sup>54</sup> From a sample of school districts whose superintendents Halter surveyed, 181, 199.



association leader, “organized education (had) tried to coldshoulder us out of their field on the theory that we are blundering amateurs.”<sup>55</sup> Taxpayers’ associations charged that educators refused to discuss “school economies.” Educators responded that “the organization of the taxpayers associations was such that no cooperation with them was possible.”<sup>56</sup> Educators meant that taxpayers associations existed to cut, not to compromise.

The research director of the National Education Association defended his profession against the Governmental Research Association’s criticism by challenging research bureaus’ interpretation of facts and terminology. School costs increased despite declining enrollment because cities built expensive high schools, the education researcher explained.<sup>57</sup> The National Education Association published its own statistics on expenditures in 1930, finding that one-quarter of all United States taxes went to public education, an amount that was just one-fifth of annual expenses on passenger automobiles.<sup>58</sup> Nearly half of the increase in total school costs between 1914 and 1930 were due to inflation. Seeking to redefine the term used by tax critics and business elites, the National Education Association research director argued that rather than less money, “economy” meant more efficient spending—better results with less money. Educators wanted to reduce the tax burden on property, increase state and federal support of education, consolidate school districts, grant school boards fiscal independence, and adopt business methods for administration.<sup>59</sup> Researchers, by contrast, wanted to reduce but not necessarily replace local property taxes.

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<sup>55</sup> H. J. Miller, “Reducing Governmental Costs with Respect to Schools” in 1931 GRA Proceedings, 42.

<sup>56</sup> Halter, 219.

<sup>57</sup> William G. Carr, “Economy in Education” in GRA Proceedings 1933, 28.

<sup>58</sup> “Facts on School Costs,” Research Bulletin of the National Education Association, X (5) (November 1932).

<sup>59</sup> Halter.

Taxpayers associations and research bureaus were at times more willing to cut public services than business associations. As the Depression deepened in 1931, the California Taxpayers Association research director believed declining assessed property values gave research bureaus “the greatest opportunity in the last quarter century to aid in bringing about a reduction in operating costs.”<sup>60</sup> However, the state of California’s Director of Finance found that local chambers of commerce were “for practically every expenditure that their local community doesn’t have to pay for directly.”<sup>61</sup> The U.S. Chamber president acknowledged that chamber leaders wanted “more of everything that costs money in our own locality” listing “more schools, better education” first.<sup>62</sup> Nonetheless, the California Teachers Association secretary judged that the California Taxpayers Association “may have been responsible for some of the enlargement of classes.”<sup>63</sup> A recommendation to increase class sizes appeared in the California Taxpayers Association’s magazine, *The Tax Digest*, alongside other economies in education.

Researchers moved from city to city and state to state, borrowing and circulating fiscal ideas and policies in person as well as in writing. Lent Upson trained at the New York Bureau of Municipal Research and after a controversial stop in Dayton, OH, founded the Detroit research bureau in 1916.<sup>64</sup> Employees remembered Upson’s philosophy as “The right to criticize government is also an obligation to know what you are talking about.” Detroiters read and wrote for the California taxpayers’ association’s magazine *The Tax Digest*, and Californians may well

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<sup>60</sup> Harold A. Stone, “Reducing Governmental Costs” in GRA Proceedings 1931, 38.

<sup>61</sup> Rolland A. Vandegrift, Pressing Problems of Public Finance panel, May 19, 1932, Minutes of Twentieth Annual Meeting, 269, Box 29, Series 1, U.S. Chamber records.

<sup>62</sup> Strawn, Pressing Problems of Public Finance panel, May 19, 1932, Minutes of Twentieth Annual Meeting, 144, Box 29, Series 1, U.S. Chamber records.

<sup>63</sup> Correspondence from R. W. Cloud, Secretary, California Teachers Association, March 9, 1937 cited in Halter, 129.

<sup>64</sup> Upson served on the five-person executive committee of the Governmental Research Association. Earl Ryan, *Citizens Research Council of Michigan: 100 Years Making Democracy Work* (<>: <>, 2016)

have seen the Detroit research bureau's publication *Just a Minute...*<sup>65</sup> Staff at the Detroit Bureau of Governmental Research and the California Taxpayers Association also directly corresponded about budgeting techniques.<sup>66</sup>

Detroit's research bureau worked with the state's manufacturers' association during the spring of 1931 on a bill to consolidate all school districts in Wayne County into one, and establish a maximum local school property tax rate.<sup>67</sup> The Detroit school board had been lobbying for financial autonomy from the Detroit city council, which approved school budgets, and thus from the budget-cutting realtors on the council who wanted to lower property taxes.<sup>68</sup> At the twentieth annual meeting of the Governmental Research Association in the fall of 1931, Detroiters discussed the urban-rural divide over taxation, prohibition, and legislative redistricting.<sup>69</sup> These issues structured the statewide political contestation which culminated in Michigan's first constitutional amendment by ballot initiative in 1932, where Part I begins.

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<sup>65</sup> Folder C 1931, Box 30, Detroit Bureau of Municipal Research, Detroit Public Library.

<sup>66</sup> For example, the city of Detroit more or less followed the National Municipal League's 1928 budget template, as the Detroit Bureau of Governmental Research wrote the California Taxpayers Association. C. E. Rightor to Richard Winter, May 29, 1931, 10.

<sup>67</sup> The proposed rate of 0.007 percent was slightly higher than Detroit's 0.00635, inclusive of debt. Director to Mr. John Lovett, April 6, 1931, Folder L-M, Box 31, DBGR.

<sup>68</sup> Ralph Stone to Dr. L. D. Upson, April 28, 1931, Folder Committee on City Finance Ralph Stone 1931, Box 30, DBGR.

<sup>69</sup> Detroit Citizen's League leader William P. Lovett, "The Urban-Rural Conflict," Proceedings Twentieth Annual Meeting of the Governmental Research Association, Buffalo, NY, November 9-11, 1931, (Washington, D.C.: The Governmental Research Association, 1931): 56. A member of the Michigan Municipal League, several staffers of the Detroit research bureau, and two University of Michigan professors attended as well.

## Ch. 1 Tax Slackers: Overall Property Tax Limitation

High rates of property tax delinquency threatened public schools' primary source of funding—property taxes—during the early Great Depression. Michigan farmers' fraternal organization the Grange convened local meetings to decide how to cut farmers' property taxes and levy replacement taxes.<sup>1</sup> Grange leader Clem Bramble, a respected Lenawee County farmer who built the Grange Life Insurance Company and led the Bean and Beet Growers' Associations, was “an earnest advocate of the income tax.”<sup>2</sup> Readers of the agricultural publication the *Michigan Farmer* thought a state income tax should pay for public schools because the rich had “received the greater benefit from education and (had) greater ability to pay that cost.”<sup>3</sup> In response to a request from Bramble, the Rock Elm Grange in Charlevoix County on the state's northwestern Lake Michigan coast drew up a letter in opposition to the sales tax and in support of the agricultural publication the *Michigan Farmer's* petition for constitutional property tax limitation.<sup>4</sup> The Madison Grange in Bramble's home county, on the southeastern Michigan border with Ohio, endorsed the *Michigan Farmer's* petition and appointed a “Key Man” from its membership to collect signatures.<sup>5</sup>

Farm interests were the major force behind the 1932 property tax limitation amendment in Michigan. At the nadir of the Depression, the *Michigan Farmer* presented an over-all property tax limitation amendment, modeled on a recent bill in Ohio, raising the limit by one-half and inserting it in the state constitution in 1932.<sup>6</sup> The constitutional amendment restricted property

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<sup>1</sup> Bramble replaced a Master of the Michigan State Grange who had represented Osceola County in the state legislature and promoted education legislation.

<sup>2</sup> History of the Grange in Michigan,” 14.

<sup>3</sup> Frank Koch, Tuscola County, “Straight from the Farm,” *Michigan Farmer*, April 2, 1932, 200-8.

<sup>4</sup> Rock Elm Grange, No. 705, of Charlevoix County Secretary Records September 4, 1926 to August 19, 1933, Box 29, Michigan State Grange Records, Bentley Historical Library, University of Michigan.

<sup>5</sup> Mary C. Beal, “Straight from the Farm,” *Michigan Farmer*, January 2, 1932, 4-4.

<sup>6</sup> Ohio state legislators aimed for efficient property taxes, pairing assessment at full value with a one percent rate limit in 1911. The next year, a new state constitution granted voters the ability to petition for fiscal policy through

taxes to fifteen mills out of 1,000, or 1.5 percent of assessed value. In 1931, the average tax rate on \$1,000 worth of Michigan property was \$32.36; the proposal would cap the rate at \$15, with several important exemptions for extant debt repayment and home rule cities.<sup>7</sup> While historians have attributed tax resistance primarily to urban homeowners and realtors during this period, support for tax limitation in Michigan came more from rural counties than cities with real estate boards.<sup>8</sup> Moreover, a second property tax amendment on the ballot in 1932 closely tied to real estate investors failed. The rural but not urban property tax crisis led to constitutional change because in the 1930s farmers but not realtors could mobilize the public.

The story of farmers' politicization in the 1930s so often focuses on militant uprisings against banks and business corporations, but there was another (now forgotten) side to their organizing: farmers' grassroots fiscal politics. Farmers relied on homespun notions, quotidian knowledge, and mass communication to build a movement to constitutionally limit state and local property taxes by ballot initiative in 1932. Taxes were like sugar maples that "may be tapped for maple sap up to a certain point, but beyond that the tree will cease to grow and will shrivel and die."<sup>9</sup> Tax limitation was "common horse sense," a program for balanced finances that "sets a limit beyond which the safety of the property owner and of the state are endangered."<sup>10</sup>

In the scholarly imagination, schools are at once outside the New Deal order and a site of its collapse when Democratic voters and union members turned against each over busing for racial

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ballot initiatives, which they waited until the Great Depression to do. Norrix, *Effects of Over-all Property Tax Limitation*, 46, 67.

<sup>7</sup> "Proposed Amendments to State Constitution," *Michigan Education Journal* 10 (1) (September 1932): 8.

<sup>8</sup> Beito, citing Ortquist and Leet and Paige, correctly attributes the campaign's success to the *Michigan Farmer* but incorrectly associates the farm weekly with the Home Patriots, a group closer to the Detroit Real Estate Board. Richard T. Ortquist, "Tax Crisis and Politics in Early Depression Michigan." *Michigan History* 59, no. 1-2 (Spring-Summer 1975): 91-119. Glen Leet and Robert M. Paige, *Property Tax Limitation Laws; the Evidence and the Arguments for and against Them by Twenty-Four Authorities* (Chicago: Public Administration Service, 1936).

<sup>9</sup> Robert McCormick, "Killing the Goose," *Michigan Farmer*, August 6, 1932, 38-2.

<sup>10</sup> Burt Wermuth, "The Tax Limitation Amendment is Sane," *Michigan Farmer*, September 3, 1932, 5-77.

integration in the 1970s.<sup>11</sup> Before the New Deal remade the Democratic Party's constituency, however, the political alignment of farm against labor interests structured education funding. Situating the dissertation in the early Depression years, before the New Deal, reveals the twentieth-century political economy of school finance when race was a peripheral concern for northern and western voters. Recent scholarship has identified the racialized history of the category "tax-consumers," yet throughout the 1930s, predominantly white agricultural communities lobbed accusations of being "tax spenders" at educators.<sup>12</sup> On the other side, *The Nation* appropriated the construction to call spending critics "tax slackers."<sup>13</sup> The two sides disagreed whether the problem was who government spent money on, or who refused to pay taxes to support government.

Even before WWII, K-12 schools, as the largest state and local expenditure, attracted scrutiny from business and taxpayers' associations advocating cuts.<sup>14</sup> Common complaints included "fads and frills" like home economics and music lessons, teaching those unable to learn, and allegedly high teachers' salaries. Hundreds of superintendents reported that press releases published in newspapers were local taxpayers' associations "most popular method of publicity."<sup>15</sup> Nationally, critiques of school spending were concentrated in ideological publications like

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<sup>11</sup> For example, contrast Jonathan Rieder, "The Rise of the 'Silent Majority'" in Steve Fraser and Gary Gerstle, eds. *The Rise and Fall of the New Deal Order, 1930-1980* (Princeton, NJ: Princeton University Press, 1989) with Jonathan Rieder, *Canarsie: The Jews and Italians of Brooklyn against Liberalism* (Cambridge, MA: Harvard University Press, 1985).

<sup>12</sup> The *Michigan Farmer* editor Burt Wermuth singled out the Michigan Association of Teachers Clubs, the Michigan Municipal League, and two University of Michigan professors studying school finance as "tax spenders." *Michigan Farmer*, October 29, 1932. Beito, whose audience was tax resisters from the 1970s to the present who did not know their own history, connected John C. Calhoun's categories of taxpayers and tax-consumers to 1930s language. MacLean has reinterpreted the connection between Calhoun, taxpayer citizenship, and racial segregation in schools for a very different audience. David Beito, *Taxpayers in Revolt: Tax Resistance During the Great Depression* (Auburn, AL: Ludwig von Mises Institute, 1989). Nancy MacLean, *Democracy in Chains: The Deep History of the Radical Right's Stealth Plan for America* (New York, NY: Viking, 2017).

<sup>13</sup> Editorial, "The Assault on the Schoolhouse," *The Nation* 137 (August 16, 1933): 173.

<sup>14</sup> Rudy Higgens-Evenson, *The Price of Progress: Public Services, Taxation, and the American Corporate State, 1877 to 1929* (Baltimore, MD: Johns Hopkins University Press, 2003).

<sup>15</sup> Helen Halter, "The Educational Programs of Selected Taxpayers Associations and Their Influence on Public Education," (Ph.D. dissertation, New York University, 1937): 198.

*Saturday Evening Post*, *The Country Gentleman*, the *American Mercury*, and the U. S. Chamber of Commerce's magazine *Nation's Business*.<sup>16</sup>

Tax limitation was part of a state shift away from the executive budget, originally fashioned by New York administrators in reaction to perceived corruption by machine politicians.<sup>17</sup> When governors with the authority to line item veto refused to check public spending, sixteen states passed statutory or constitutional limits on property taxation in 1932 and 1933.<sup>18</sup> In the wake of over-all property tax limitation, the Michigan legislature restored its powers to set total state taxes.<sup>19</sup> Local school authorities gained the right to “economize in certain fields” while the state Department of Education compelled fewer local expenditures.

The first section introduces the dissertation's characteristic actors—federated groups of teachers, businesses, experts, and farmers as they resolved Detroit's fiscal crisis during the early depression by cutting one-fifth of municipal spending. Local business leaders relied on the U.S. Chamber of Commerce, which founded or coordinated with research bureaus and taxpayers associations to cut and limit taxes, and trade associations like the National Association of Real Estate Boards, which spread policy from Indiana and Ohio. The second section describes farm weekly the *Michigan Farmer's* petition signature gathering campaign that serialized tax politics,

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<sup>16</sup> Ibid., 35.

<sup>17</sup> John Louis Recchiuti, *Civic Engagement: Social Science and Progressive-Era Reform in New York City* (Philadelphia, PA: University of Pennsylvania Press, 2007). As fiscal historian Terrence McDonald argues, when national political parties competed on fiscal discipline, even San Francisco's machine boss claimed he thought up the 1873 “dollar limit” of one dollar in property taxes per one hundred of assessed value. Terrence J. McDonald, *The Parameters of Urban Fiscal Policy: Socio-Economic Change and Political Culture in San Francisco, 1860-1906* (Berkeley, CA: University of California Press, 1986). By contrast, Rudy Higgens-Evenson argues the executive budget followed the corporatization of business. R. Rudy Higgens-Evenson, *The Price of Progress: Public Services, Taxation, and the American Corporate State, 1877 to 1929* (Baltimore, MD: Johns Hopkins University Press, 2003).

<sup>18</sup> Count from Leet and Paige. Ortquist reported that Michigan's governor attempted to reduce, not veto, budget lines and was blocked by the Michigan Supreme Court.

<sup>19</sup> The Hartman-Brown economy bills. Clark L. Brody “Annual Report of the Executive Secretary and Treasurer” in Michigan State Farm Bureau Annual Report for Year Ending June 30, 1933, 5, Folder 29, Box 1, Clark L. Brody Papers, MSU.

leaving readers hanging on every word for six months spent qualifying overall property tax limitation amendment for the 1932 ballot. The third section describes how the search for revenue after property tax limitation led to taxes on sales rather than income when farmers joined with businesses to lobby state legislators.

### **Organizational Division in Farm, School, and Business Interests**

Despite their general conservatism, business leaders in Detroit and other cities built a civic welfare state—boulevards and roads, parks and recreation, museums and libraries, sewers and schools—without systematic financing during the 1920s.<sup>20</sup> Still, with families migrating within the United States and immigrating from around the world to Detroit for automobile factory jobs, increasing the population by half to over one and a half million by the end of the 1930s, not enough schools could be built. Debt came due at the worst time, when property owners stopped paying their taxes in the early Great Depression. Real estate investors led tax strikes while insurers and bankers on interlocking boards conditioned credit on municipal spending cuts. Businesses and their associations ran a cottage industry of tax reduction, cooperating at times with farm organizations.

In the months after the 1929 stock market crash, Detroit business leaders realigned for difficult times, setting up a direct clash between financial elites and the city's strong mayor.<sup>21</sup>

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<sup>20</sup> Detroit borrowed subject to a 4.5 percent debt limit. Undated notes beginning "Also, included as security," Folder Committee on City Finance Reports Miscellaneous Correspondence 1931, Box 30, DBGR. Daniel Amsterdam, *Roaring Metropolis: Businessmen's Campaign for a Civic Welfare State* (Philadelphia, PA: University of Pennsylvania Press, 2016).

<sup>21</sup> Significantly, Detroit was a home-rule city with a strong mayor form of local government. The Board of Commerce took the lead in "forcing tax reduction by driving the city government to economy." For example, street paving and repair were split between two departments, and the city paid thirty percent more in salaries above comparable private work. Bankers recommended a holiday on infrastructure improvements. Chrysler Corporation had "deflated salaries and wages" by the end of 1931 and its vice president B. E. Hutchinson thought the city should do likewise. W. B., "In Arms Against Government Costs," *Nation's Business* vol. 20, no. 2 (February 1932): 33. Board of Directors, Detroit Board of Commerce, "Report of the Committee on Accounting and Business



From 1930 to 1933 Detroit's labor-friendly mayor refused to slash education, the city's largest expense until the Depression increased the city's generous unemployment relief.<sup>22</sup> Business leaders wanted to strip the mayor of power and appoint a city manager.<sup>23</sup> Concerned that elected officials would refuse cuts, a local Taxpayers Protective Association considered petition language to amend Detroit's charter.<sup>24</sup> Five realtors on the nine-member city council had speculated on the city's expansion and hoped for a reduction in taxes or moratorium on payment.<sup>25</sup> Even the Michigan governor struggled to pay his Detroit property taxes, which were still lower than the state average.<sup>26</sup> However, delinquency was higher in the state's largest city.<sup>27</sup>

Property interests wanted budget cuts and had the clout with financial institutions to demand them in exchange for rescue loans. The home-rule city's charter gave Detroiters authority to sell municipal "calamity" bonds during emergencies but banks refused to offer the financial products in 1931.<sup>28</sup> The realtor-dominated Detroit city council invited banker Ralph Stone to make

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Procedure," 3, Folder Committee City Finance Ralph Stone 1931, Box 30, DBGR. Committee on City Finances report to Detroit Common Council cited in "Plans Outlined by Finance Committee to Deal With Deficit," *Financial Chronicle*, January 3, 1931, 159. Ralph Stone to Doctor Upson, January 7, 1931, Folder Committee on City Finance Ralph Stone 1931, Box 30, DBGR. Hutchinson wrote Stone who reported to Upson. Ralph Stone to Dr. L. D. Upson, November 27, 1931, Folder Committee City Finance Ralph Stone 1931, Box 30, DBGR.

<sup>22</sup> Frank Murphy refused to withhold teachers' scheduled raises and use state education aid to replenish municipal cash reserves. Murphy was later the Michigan governor who refused to break the Flint sit-down strike. School budgets were set by the Detroit city council before the 1940s. See Mirel on why school budgets were set by the Detroit Common Council pre-1940s. Jeffrey Mirel, *The Rise and Fall of an Urban School System: Detroit, 1907-81* (Ann Arbor, MI: University of Michigan Press, 1992). Jeffrey Mirel, *The Rise and Fall of an Urban School System: Detroit, 1907-81* (Ann Arbor, MI: University of Michigan Press, 1992).

<sup>23</sup> W. P. Lovett, Detroit Citizen's League, to Editor, *Detroit Saturday Night*, March 27 1931, Folder Committee on City Finance Ralph Stone 1931; Lent D. Upson to G. Oliver Frick, Business Property Association, Folder Committee on City Finance Reports Miscellaneous Correspondence 1931, Box 30, DBGR.

<sup>24</sup> A Mr. Wayne telephoned Chairman Stone for help to "fix upon a plan and schedule of reductions." Ralph Stone to Dr. L. D. Upson, November 20, 1931, Folder Committee on City Finance Ralph Stone 1931, Box 30, DBGR.

<sup>25</sup> Moreover, the city council's president was a tax expert for utility company Detroit Edison.

<sup>26</sup> William A. Comstock. Monty Hindman, "The Rise and Fall of Wealth Taxation: An Inquiry into the Fiscal History of the American States" (Ph.D. dissertation, University of Michigan, 2010). On \$1,000 in assessed valuation, Detroit property owners paid \$22.64 to the city, \$3.36 to the county generally and \$.99 for roads, and \$3.12 to the state. Measured by the one-one-thousandth unit or mill, this dollar amount converted to a property tax rate of 30.11 mills. Undated notes beginning "A taxpayer in Detroit pays," Folder Committee on City Finance Reports Miscellaneous Correspondence 1931, Box 30, DBGR.

<sup>27</sup> The city sold \$2 million worth of property for unpaid taxes, failed to collect \$10 million more, and put a lien on thousands of parcels. Undated notes beginning "Also, included as security," DBGR.

<sup>28</sup> Ralph Stone to Henry Hart, April 6, 1931, Folder Committee on City Finance Ralph Stone 1931, Box 30, DBGR.

good on his address to real estate investors on what he would do “If I Were King,” beginning with “form a small committee of representative citizens like yourself.”<sup>29</sup> Stone’s committee began to investigate ways to balance the city’s books by cutting services, and passing the savings on to property owners. In the early 1930, for example, the Detroit schools had “excessive departmental budgets.”<sup>30</sup> With Detroit a week away from running out of cash at the end of 1931, two Detroit bankers negotiated with Chicago and New York banks for \$4.5 million in short-term credit, releasable upon the approval of Stone and one of his fellow committee members, the secretary of the Michigan Manufacturers’ Association.<sup>31</sup>

By the close of the 1932 fiscal year, the Stone committee had slashed twenty-one percent of Detroit’s expenditures.<sup>32</sup> Personnel from the private Detroit Bureau of Governmental Research, founded and formerly led by Stone, assumed oversight of public employees; thus, lenders imposed

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<sup>29</sup> Democrat William P. Bradley made the motion the Detroit Common Council approved. Detroit Bureau of Governmental Research, Committee on City Finances: A Progress Report January 8, 1930 to September 14, 1931, 3, Folder Committee on City Finance Reports Miscellaneous Correspondence 1931, Box 30, DBGR. Stone was chairman of the Detroit Trust Company, founded at the turn of the twentieth century to offer services to trusts, bondholders, and corporations. Financiers advising the city of Detroit to cut were affiliated with the Detroit Trust Company: Henry Hart was Assistant Vice-President and secretary of the Detroit Company, Inc., an investment subsidiary, Raymond H. Berry was Assistant Vice-President, Ralph Stone to Robert G. Lord, October 1, 1931, Folder Committee on City Finance Ralph Stone 1931, Box 30, DBGR. Detroit Trust Company, *Twenty-Five Years of Growth: A Survey of the New Home of the Detroit Trust Company, a Statement of the Company's Achievements During the Past Quarter Century, and an Outline of the Preparation for Still Further Growth in the Years to Come*, 1926, <https://hdl.handle.net/2027/mdp.39015071536968>. Meeting minutes, Folder Committee on Efficiency and Economy Unemployment City Finances 1931, Box 30 DBGR: Frederic G. Austin and G. Oliver Frick (BPA), James Inglis, Louis Flint, and Harvey Campbell (DBC), Charles Bush (DBGR), Divie Duffield and W. P. Lovett (DCL), Max Ramm, Judge Lacey, and Lester Batdorff (Detroit Real Estate Board), S. Wells Utley (MMA), John Chandler and J. M. McKerchey (WAIA).

<sup>30</sup> Undated notes “about the ‘Cash Position,’” Folder Committee on City Finance Reports Miscellaneous Correspondence 1931, Box 30, DBGR. Committee on City Finances report to Detroit Common Council cited in “Plans Outlined by Finance Committee to Deal With Deficit,” *Financial Chronicle*, January 3, 1931, 159. Ralph Stone to Doctor Upson, January 7, 1931, Folder Committee on City Finance Ralph Stone 1931, Box 30, DBGR.

<sup>31</sup> Stone wanted to negotiate better loan terms with New York banks. During the summer of 1931, banks held Detroit’s short-term debt at interest rates ranging from 2.5 percent to 3.5 percent. Ford Motor Company also lent the city \$5 million. Ralph Stone to Henry Hart, October 10, 1931; Ralph Stone to James Inglis, December 14, 1931.; Receipts table attached to Detroit Bureau of Governmental Research to Mr. Ralph Stone, November 7, 1931, Folder Committee on City Finance Ralph Stone 1931, Box 30, DBGR. Schedule 1B “Short Term Loan Maturities as at July 1, 1931,” of undated study for Stone committee, Folder Committee on City Finance Reports Miscellaneous Correspondence 1931, Box 30, DBGR.

<sup>32</sup> Morris Edwards, “Bulletins from the Taxation Battlefront,” *Nation’s Business* vol. 20, no. 8 (August 1932): 16.

their own facts and figures on the city.<sup>33</sup> City voters though rejected realtors' proposed municipal charter amendment to limit Detroit's budget to \$61 million during an August special election; before the Stone committee started cutting, the city had planned to spend nearly double that amount.<sup>34</sup> Three months later, however voters *statewide* imposed a constitutional limit on property taxation, which cut state aid to the home-rule city. Fortunately for bond-holding financial institutions such as the Detroit Trust Company this limit exempted repayment of existing debts. When retrenchment became inevitable, the Detroit school board protected teachers' salaries from being cut more deeply than those of other public workers. Detroit teachers continued to be paid more frequently in bank notes than Chicago teachers, who received scrip for years.<sup>35</sup>

The Detroit local of the American Federation of Teachers (AFT), the Detroit Federation of Teachers (DFT), formed in the winter of 1931 but kept a low profile until the fall of 1934.<sup>36</sup> After a decade of repression by anti-union school boards chronicled in a forgotten expose by Upton Sinclair, AFT locals across the country stayed out of the public eye until they signed a majority of teachers as members.<sup>37</sup> In the meantime, the DFT used other groups to spread its message: a YMCA Saturday study group unsuccessfully ran candidates for Detroit school board and the Detroit Teachers Association (DEA), an affiliate of the National Education Association (NEA), elected a progressive economics professor.<sup>38</sup> Although the AFT denounced its NEA rival as a

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<sup>33</sup> The research bureau's accountant soon replaced Detroit's controller, Eleanor Roosevelt's brother, who resigned in late 1932. Fine, *Frank Murphy: The Detroit Years*.

<sup>34</sup> \$108,064,352 after various deductions. The municipal limit ratcheted down property taxes by \$1 million per year until 1937-1938. The Associations for Tax Reduction's language of "a limited tax strike" was the current real estate board president's. Fine compares officer lists and finds the executive secretary and former president of the real estate board involved. Sidney Fine, *Frank Murphy: The Detroit Years* (Ann Arbor, MI: University of Michigan Press, 1975): 355.

<sup>35</sup> According to Mirel, Detroit teachers were paid with scrip for two months during the Michigan Bank Holiday of 1933. David B. Tyack, Robert Lowe, and Elisabeth Hansot, *Public Schools in Hard Times: The Great Depression and Recent Years* (Cambridge, MA: Harvard University Press, 1984).

<sup>36</sup> Mirel, *The Rise and Fall of an Urban School System*.

<sup>37</sup> Upton Sinclair, *The Goslings: A Study of the American Schools* (Pasadena, CA: Upton Sinclair, 1924).

<sup>38</sup> In 1934, the DFT lost influence in the Detroit Teachers Association when a conservative retook the presidency. Mirel, *The Rise and Fall of an Urban School System*.

“company union” run by superintendents and principals, the DFT tried to change the DEA from within.

At the same time, a movement of classroom teachers pushed the staid NEA into motion. Committed to leadership by those who labored alongside a “quicken sense of professional responsibility,” classroom teachers and their administrator allies were not class-conscious like union teachers.<sup>39</sup> Classroom teachers aimed to transmit the past and counsel the present and future with representation from a democratically-run professional organization that aroused their sense of responsibility and provided machinery for organization, that both conserved and advanced members’ interests. To this end, the president of the Department of Classroom Teachers warned Detroit teachers about citizens’ leagues and taxpayers associations that represented selfish interests and undermined schools.<sup>40</sup> The director of Teachers College’s lab school told the NEA that “Teachers are as much entitled to speak on public questions as are the National Chamber of Commerce, the American Federation of Labor, the organized farmers, or the American Medical Association.”<sup>41</sup>

In the spring of 1932, representatives of Detroit area teachers’ clubs and associations joined together to bring “energy and a cooperative effort” to the “tax situation.”<sup>42</sup> Rural teachers clubs had only begun organizing in the past few years.<sup>43</sup> Seventy-five teachers’ clubs had previously

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<sup>39</sup> Sub-Committee of the State Federation of Teachers Clubs chaired by Lewis M. Lash of Dearborn, “The Classroom Teacher Movement,” *Michigan Education Journal* 11 (3) (November 1933): 151.

<sup>40</sup> Mrs. F. Blanche Preble of Chicago addressed a December 15, 1932 meeting of the Southeastern Michigan Associated Teachers Clubs. Karl Guenther, “The Present Crisis in Education,” *Michigan Education Journal* 10 (5) (January 1933): 246.

<sup>41</sup> Jesse H. Newlon, Director of the Lincoln School, at NEA Department of Superintendence Meeting, 1933, *Michigan Education Journal* 10 (8) (April 1933): 375.

<sup>42</sup> The Southeastern Michigan Association of Teachers Clubs was a regional federation affiliated with the Michigan Federation of Teachers Clubs. Samuel Jacobs, “Seven Counties Represented in Southeastern Group,” *Michigan Education Journal* 10 (4) (December 1932): 187.

<sup>43</sup> Lucille Sanders and William McKinley Robinson, “Rural Teachers Clubs,” *Michigan Education Journal* 11 (2) (October 1932): 89.

operated as one department of the 31,273 member Michigan Education Association.<sup>44</sup> When the *Detroit News* editorialized that “A Political School Teacher is a Public Enemy,” the Southeastern Michigan Association of Teachers Clubs defended teachers’ right and duty to “take active part in all matters pertaining to citizenship and political affairs generally” and especially schools.<sup>45</sup> During the coming legislative session, one in ten bills passed would be about education.<sup>46</sup> Teachers were a potential social movement base for tax politics but their organizations were unwilling or unable to call them into action before the New Deal.

Teachers agreed with farmers that a state income tax, rather than local property taxes, should fund schools, but farmers like teachers were divided into two organizations that often disagreed: the Michigan Farm Bureau, farmers’ commercial organization, and the Michigan State Grange, with roots in the Populist Movement. At the beginning of the 1930s, the Michigan Farm Bureau hired a statistician and planned a new income tax campaign.<sup>47</sup> The Michigan State Grange’s executive committee questioned whether the business-oriented Farm Bureau truly wanted a partnership but approved financial support for the campaign nonetheless.<sup>48</sup> Meanwhile, a Special Commission of Inquiry into Taxation, composed of four farmer, four business, and one labor members appointed by the Michigan legislature, held listening sessions across the state in 1930.<sup>49</sup> With farmer and labor members in favor and business members in staunch opposition, the commission recommended an income tax. One year later, when the state House passed an income tax bill that died in Senate committee, the Grange and Farm Bureau split over the issue.

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<sup>44</sup> The number of teachers clubs grew to 100 by 1933-1934.

<sup>45</sup> The newspaper referred to endorsements of Detroit Board of Education candidates while the teachers clubs responded more broadly.

<sup>46</sup> “The Educational Lobby,” *Michigan Education Journal* 11 (3) (November 1933): 130.

<sup>47</sup> Wayne Newton. January 3, 1930 Meeting Minutes, Folder Executive Committee, 1924-1933, Box 25, Michigan State Grange Records, Bentley Historical Library, University of Michigan hereafter MSG UM.

<sup>48</sup> February 3, 1930 Meeting Minutes, Folder Executive Committee, 1924-1933, Box 25, MSG UM.

<sup>49</sup> 1930.

The Grange spread like a “prairie fire” during the long depression of the 1870s when farmers built an organization for social and educational opportunities and economic advantages through cooperative enterprises, fighting monopolies like railroads, and defending against royalty patent lawsuits.<sup>50</sup> By the early 1930s, the Michigan State Grange had 22,000 members connected by a state publication, the *Michigan Patron*, lecturers’ bulletins, bimonthly meetings, and social events. Grange rituals combined aspects of church, school, and community with attention to business and public affairs as well as music and recreation. A “staunch friend of educational institutions,” the Grange cooperated with university and college extension work, hosting county agricultural agents and lobbying for state and federal aid in the Smith-Hughes Act.<sup>51</sup>

Women had long been active members of the Grange, connecting community to politics, often through education. *Michigan Farmer* sponsored the Michigan State Grange Home Economics Committee’s canning contest, the proceeds of which funded a handbook that listed property tax limitation first among Grange achievements.<sup>52</sup> The Grange goal of better farm folks tied such fiscal policy to better farms, homes, neighbors, and higher living standards. Dora Stockman published a regular column “Farm Rhymes” in the *Michigan Patron*, edited by Jennie Buell, a writer for the *National Grange Monthly*. In addition to these Grange publications, Stockman wrote for the *Michigan Education Journal*.<sup>53</sup> Also the Grange’s state lecturer, Buell published suggestions for Grange meetings that balanced serious topics and fun activities—redecorating, beekeeping, stunts. Debate resolutions included “That farmers are responsible for

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<sup>50</sup> Founded in 1866 by a New England turned Midwestern farmer, the Grange was “patterned after the Order of Masons” as a “great farm fraternity.” “History of the Grange in Michigan,” 4, 6. Thesis “History of the Grange in Michigan,” circa 1930s, 1, Folder 2, Box 3, Collection 109, Dora Stockman Papers, MSG MSU.

<sup>51</sup> “History of the Grange in Michigan,” 8.

<sup>52</sup> Michigan State Grange, Home Economics Handbook, Folder 16, Box 1, Collection 109, Dora Stockman Papers, MSG MSU.

<sup>53</sup> Dora H. Stockman, “Michigan’s Quarter Billion Dollar Industry,” *Michigan Education Journal* vol. 9, no. 8 (April 1932): 1032.

inequality in treatment in prices and tariffs; That, we cannot exist with rubber money and iron debts; That, shorter working days are needed to relieve unemployment; That, unemployment insurance is not a ‘dole.’”<sup>54</sup> The Grange, therefore, continued to thrive as a grassroots organization.

Representing farmers as business people more than laborers, the Farm Bureau supplied products alongside policies. Since 1919, the Michigan Farm Bureau sold services like insurance and supplies to farmers as both a wholesaler and retailer. The Farm Bureaus of Ohio, Indiana, and Michigan ran a milling company, and at the end of 1930, founded an oil company. Run as cooperatives, the Farm Bureau’s company returned patronage dividends. In Michigan, the bureau included a clothing department, wool marketing association, and seed service. The Farm Bureau’s general policy emphasized “reducing the taxes the farmer is now paying rather than (advocating) new ways of spending old or new revenues.”<sup>55</sup> At first, the Farm Bureau negotiated extensions and penalty reductions on delinquent property tax payments.<sup>56</sup> Then, the Farm Bureau’s Taxation Committee promoted cooperation “between agriculture and the other economic groups of the State.”<sup>57</sup> The Farm Bureau’s efforts alone were not enough; agricultural prices would also need to rise and lending resume for economic recovery. Farmers alongside manufacturers monitored international competition, learning that the Soviet Union was unlikely to produce agricultural equipment to rival American companies, but parted ways over the need for new types of taxes.<sup>58</sup>

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<sup>54</sup> Jennie Buell, “Program Suggestions,” *Michigan Patron* vol. XI, no. 2, February-March 1932, 10.

<sup>55</sup> Clark L. Brody “Annual Report of the Executive Secretary and Treasurer” in Michigan State Farm Bureau Annual Report for Year Ending June 30, 1931, 5, Folder 28, Box 1, Clark L. Brody Papers, MSU.

<sup>56</sup> Clark L. Brody “Annual Report of the Executive Secretary and Treasurer” in Michigan State Farm Bureau Annual Report for Year Ending June 30, 1932, 2, Folder 28, Box 1, Clark L. Brody Papers, MSU.

<sup>57</sup> November 12-13, 1931, Resolutions Adopted by the Michigan State Farm Bureau Board of Delegates at their Annual Meetings, November 10, 1931 to November 9, 1944, Michigan Farm Bureau collection, Archives of Michigan, Lansing, MI.

<sup>58</sup> Lovett gave the same travel report on Russia’s five-year plans to the 1931 class of Michigan Master Farmers meeting at the state’s agricultural college. “Master Farmer Meeting Soon,” *Michigan Farmer*, January 9, 1932, 22-6.

Business organizations fended off the legalization of income or sales taxes with help from Michigan politicians. At the end of 1931, the Michigan Manufacturers' Association annual meeting featured reports from General Manager John L. Lovett on his recent trip to the Soviet Union and Michigan's Republican governor on his refusal to call a special session of the legislature for fear of income taxes and the dole.<sup>59</sup> The Detroit Board of Commerce credited its own Public Affairs Bureau with "LEADERSHIP IN THE EFFORTS THAT KILLED THE STATE INCOME TAX."<sup>60</sup> Taking more credit, the Detroit Board of Commerce declared itself the "greatest enemy" of the general sales tax, especially having defeated specific theater ticket, roadside bulletin, tobacco, and luxury taxes.<sup>61</sup>

Michigan business leaders also relied on U. S. Chamber of Commerce experts to prevent income and sales taxes.<sup>62</sup> At the U.S. Chamber's 1931 annual meeting, Detroit real estate activist Judge Arthur Lacy positioned "widespread unavoidable tax delinquency" as "an involuntary taxpayer's strike."<sup>63</sup> When Lacy proposed an appointed commission draft legislation to prevent the tax strike, he excluded the Grange and the American Federation of Labor.<sup>64</sup>

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<sup>59</sup> S. W. Utle, "The Annual Meeting," Bulletin No. 1010, November 24, 1931, Michigan Manufacturers' Association Records, 1902-1997, Bentley Historical Library, University of Michigan hereafter MMA.

<sup>60</sup> "Some Board of Commerce Accomplishment," February 1, 1932, 2, Correspondence 1931-1943, Detroit Board of Commerce, Bentley Historical Library, University of Michigan.

<sup>61</sup> In a 1931 resolution, the U.S. Chamber of Commerce opposed taxes on the "sale of general merchandise at retail," claiming they were difficult to administer, unfair to businesses, and counter to public interest. Resolutions Committee, Chamber of Commerce of the United States, Report as Submitted and Adopted by the Nineteenth Annual Meeting, May 1, 1931, 11, Box 64, U.S. Chamber records. In Detroit, however, wholesale and retail merchants tactically lobbied for a sales tax on chain stores. Clyde V. Fenner's Home Defense League.

<sup>62</sup> Judge Arthur Lacy of NAREBs' Property Owners Division addressed the U.S. Chamber's 1931 annual meeting "to pay a debt that the State of Michigan owes to the Chamber of Commerce of the United States" which sent a Mr. Edwards to advise the governor's tax council. Arguing that the automobile age invalidated the township form of government, Lacy focused on the expense of duplicative local services. Arthur J. Lacy, "Improving Local Government Finance," 46, Minutes of Nineteenth Annual Meeting, 33, Box 29, Series 1, U.S. Chamber records.

<sup>63</sup> Arthur J. Lacy, "Improving Local Government Finance," 46, Minutes of Nineteenth Annual Meeting, 33, Box 29, Series 1, U.S. Chamber records, 53.

<sup>64</sup> Lacy included elected officers, taxation commissions, university research units, Research Bureaus, the Farm Bureau's governmental committees, the U.S. Chamber, the National Association of Real Estate Boards, and State Taxpayers' and Property Owners' Associations.



Many business leaders were personally invested in lowering property taxes. Stone committee members and U. S Chamber of Commerce members from Detroit were also dedicated members of the National Association of Real Estate Boards (NAREB). NAREB proposed a National Tax Congress could prevent a “governmental bread-line of mendicant units” from destroying local self-government as counties, then states, then the federal government gave aid and took control of functions.<sup>65</sup> NAREB also attempted to “organize a group in each local real estate board to deal with local tax problems.”<sup>66</sup> Judge Arthur J. Lacy of Detroit led the effort as chair of the Property Owners’ Division of NAREB, which organized in 107 cities by the summer of 1931.<sup>67</sup> Detroit tax attorney Raymond H. Berry, an assistant vice-president of the Detroit Trust Company, was chairman of the Property Owners Division of the Detroit Real Estate Board, on whose board two sat Detroit Trust Company chairman Ralph Stone and Detroit Bureau of Governmental Research director Lent D. Upson.<sup>68</sup> These Detroit property owners were influential but not all powerful: in late 1931, property owners persuaded the county to cut road taxes in half but had aimed to eliminate the taxes entirely.<sup>69</sup>

Detroit budget cutters regrouped to take on state spending. A new Economy League of Michigan wrote a letter to the editor declaring “Taxes result from expenditures, nothing else.”<sup>70</sup>

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<sup>65</sup> Excerpt from speech of Arthur J. Lacy before the annual convention of NAREB, May 27, 1931, Baltimore, Folder 222, Box 5, Arthur J. Lacy Papers, Bentley Historical Library, University of Michigan.

<sup>66</sup> Ibid.

<sup>67</sup> Judge Arthur J. Lacy, “A Proposal for Relieving the Tax Situation,” *National Real Estate Journal*, June 8, 1931, 43, Folder 244, Box 5, Arthur J. Lacy Papers, Bentley Historical Library, University of Michigan.

<sup>68</sup> L. C. Batdorff to Dr. Lent D. Upson on letterhead, October 6, 1931, Folder D 1931, Box 30, DBGR. Detroit Trust Company, *Twenty-Five Years of Growth*. As a member of a 1930 Michigan tax study commission, Berry had opposed state income taxes and later claimed levying them would require a constitutional amendment. Hindman, “The Rise and Fall of Wealth Taxation.” Berry, also an author of revenue acts and taxation studies addressed the U. S. Chamber of Commerce’s 1932 annual meeting. Raymond H. Berry, “Federal Fiscal Problems” address during Pressing Problems of Public Finance panel, May 19, 1932, Minutes of Twentieth Annual Meeting, Box 29, Series 1, U.S. Chamber records. By September 21, 1934, Henry Hart of Detroit had joined the State and Local Taxation and Expenditures committee. Sloan as of September 23, 1932 meeting. Box 2, U.S. Chamber records.

<sup>69</sup> L. C. Batdorff to Dear Sir, October 1, 1931, Folder D 1931, Box 30, DBGR.

<sup>70</sup> L. D. Woodworth to the Editor, “Economy League of Michigan Tells Aims,” November 17, 1931 in Folder D-F, Box 30, DBGR.

Its letterhead specified its version of “public economy”: “Economy in All Governmental Activities / One Hundred Million Dollars Off Michigan’s Tax Bill.”<sup>71</sup> Based on the league’s figures, Michigan’s tax revenue in 1930 was over \$340 million, of which over \$264 million came from the property tax.<sup>72</sup> American Life Insurance Company president Clarence L. Ayres, White Star Refining Company president H. B. Earhart, Michigan Manufacturers’ Association General Counsel Hal H. Smith, and Detroit Bureau of Governmental Research director Lent D. Upson sat on the executive and publicity committees; Ayres, Upson, and Woodworth on the publications committee.<sup>73</sup> As it did for the Stone committee’s city cuts, Upson’s bureau supplied the research for state cuts. The Economy League of Michigan claimed it would not publish statistics “without prior verification by the Detroit Bureau of Governmental Research.”<sup>74</sup>

The Economy League of Michigan’s launch coincided with the release of a report recommending the state adopt the extreme Indiana Plan to allow small groups of taxpayers to stop government taxing and spending.<sup>75</sup> Leaders of the Economy League positioned themselves to gain appointment to the governor’s Commission of Inquiry into County, Township and School District Government that endorsed the Indiana Plan, introduced but not adopted in the 1927 and 1931 Michigan legislatures.<sup>76</sup> Commercial farmers grew closer to business leaders as commissions and committees on taxing and spending proliferated. The Commission of Inquiry into County,

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<sup>71</sup> L. D. Woodworth to Members of the Executive and Publicity Committees, November 4, 1931, Folder D-F, Box 30, DBGR.

<sup>72</sup> “Includes the State and All Subdivisions of Government / Total Tax Revenue Entire State of Michigan –Year Ending June 30<sup>th</sup>,” Folder D-F 1931, Box 30, DBGR.

<sup>73</sup> Ayres was president of the Economy League of Michigan, and the conservative Michigan Union League. MMA leadership from John L. Lovett to C. E. Rightor, December 12, 1931, Folder L-M, Box 31, DBGR.

<sup>74</sup> L. D. Woodworth to the Committee on Publications, October 24, 1931, Folder D-F 1931, Box 30, DBGR.

<sup>75</sup> Senator Stevens’ bill established the commission.

<sup>76</sup> Ayres, Upson, and economy leaguers Clarence E. Bement, of Lansing’s Novo Engine Co. and the Michigan Manufacturers’ Association board of directors, served alongside Petermann. R. Wayne Newton, Parm C. Gilbert, Melville B. McPherson were also appointed to the commission. Preliminary Report of the State Commission of Inquiry into County, Township and School District Government, State of Michigan, December 1932, [//catalog.hathitrust.org/Record/001754151](https://catalog.hathitrust.org/Record/001754151).

Township and School District Government's secretary, a statistician, was the Michigan Farm Bureau's director of taxation.<sup>77</sup> The leadership of the Economy League of Michigan later included the president of the Michigan Farm Bureau.<sup>78</sup>

Trade associations like the NAREB which pursued industry-specific interests and coordinated fiscal policies of general interest in addition to the U.S. Chamber of Commerce, which had directed substantial resources to state and local taxation since the end of the 1920s, arrived at the same conclusion: reducing taxes required reducing expenditures. The two policy solutions most commonly discussed were the Indiana Plan of executive tax cutting and the Ohio legislature's tax limitation. A handful of states tried the Indiana Plan while dozens passed overall tax limitations.<sup>79</sup>

The Indiana Plan permitted a small minority to determine what economy meant. During the 1920s, the statutory Indiana Plan allowed a minimum of ten taxpayers to appeal budget lines and bond issues to a State Board of Tax Commissioners, which could order decreases but not increases.<sup>80</sup> Passed and repealed alongside a 1919 property tax limit, the State Board of Tax

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<sup>77</sup> R. Wayne Newton to Lent D. Upson, June 12, 1931, Folder L-M 1931, Box 31, DBGR.

<sup>78</sup> L. D. Woodworth to Lent D. Upson on letterhead, November 3, 1931, Folder D-F 1931, Box 30, DBGR. President Clarence L. Ayres, Vice President Clarence E. Bement, Secretary Leo Day Woodworth, Treasurer Union Guardian Trust Co., Trustees Hon. Charles Beecher Warren, Frank W. Blair, Albert E. Petermann, Hal H. Smith, Harry B. Earhart, Clark L. Brody, Dr. Lent D. Upson, J. Walter Drake.

<sup>79</sup> Indiana, Iowa, and New Mexico all implemented a State Board of Tax Commissioners with unilateral authority to cut local budgets. George W. Spicer, "Fiscal Aspects of State-Local Relations," *The ANNALS of the American Academy of Political and Social Science* 207 (1) (1940): 151-60 citing Wylie Kilpatrick, "Tax and Expenditure Control," reprinted from *New Jersey Municipalities*, December, 1931, and January, 1932; and the review by R. M. Page of Claude R. Tharp, "Control of Local Finance through Taxpayers' Associations," *National Municipal Review*, August, 1933, p. 396. G. F. Bates, "State Control of Local Finance in Indiana," *American Political Science Review* XX (2) (1926): 352-60. The "Indiana Plan" in Iowa (Editorial), *National Municipal Review*, May 1937; Carl R. Dortch, The "Indiana Plan" in Action, *National Municipal Review*, November 1938, 525-29.

<sup>80</sup> Arthur J. Lacy, "The Costs of Government, October 2, 1930, 11, Folder 221, Box 5, Arthur J. Lacy Papers, Bentley Historical Library, University of Michigan. Since the nineteenth century, Indiana had been a model for fiscal hawks. Indiana's constitutional debt limitation was the strictest in the country—the state could not issue bonds and municipal corporations could hold no more than two percent of assessed tax value in debt. John Joseph Wallis, "Constitutions, Corporations, and Corruption: American States and Constitutional Change, 1842 to 1852," *The Journal of Economic History* 65, no. 1 (2005). John Joseph Wallis, Richard E. Sylla, and Arthur Grinath, III, "Sovereign Debt and Repudiation: The Emerging-Market Debt Crisis in the U.S. States, 1839-1843," *National Bureau of Economic Research Working Paper Series* No. 10753 (2004).

Commissioners was reinstated in 1921 after local government expenses increased by half in one year.<sup>81</sup> The Peoples Bank of Indiana chairman Felix McWhirter reported the State Board of Tax Commissioners had reduced taxes by \$50 million during that decade plus while other estimates including disallowed bond issues pushed the total to \$80 million.<sup>82</sup> However, spending rose as new taxing districts and holding companies, in addition to public authorities not bound by debt limits, circumvented restrictions.<sup>83</sup>

State legislators and business associations alike attempted to pass their own Indiana Plan for centralized control over budgets and bonds. Iowa legislators cited the Indiana Plan as inspiration for a 1923 law and the New Jersey governor declared his support in 1924 but Michigan legislators failed to pass their version in 1927 and 1931.<sup>84</sup> Tennessee's campaign anchored a 1931 U. S. Chamber of Commerce annual meeting session on "Business Leadership in Public Finance" led by Indiana banker McWhirter.<sup>85</sup> Large city chambers of commerce pledged funds to hire experts to survey government cost—"the only safe way to control the rising tide of taxes, is to try to put a stop to the constant increase of governmental costs"—and tax incidence.<sup>86</sup> In addition to an Indiana Plan-style state tax commission, Tennessee's committee recommended shifting the tax

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<sup>81</sup> The first statutory "dollar and a half" limit on property taxes was passed in 1919, repealed the next year, and passed again in the 1932 Indiana legislature. Box 20, U.S. Chamber records.

<sup>82</sup> Ibid.

<sup>83</sup> Gail Radford, *The Rise of the Public Authority: Statebuilding and Economic Development in Twentieth-Century America* (Chicago, IL: University of Chicago Press, 2013).

<sup>84</sup> Arthur J. Lacy, "The Costs of Government, October 2, 1930, 11, Folder 221, Box 5, Arthur J. Lacy Papers, Bentley Historical Library, University of Michigan.

<sup>85</sup> The session included addresses by a Brookings Institution scholar on cutting school costs and the secretary of the New York Merchants' Association on property tax assessment in his Greenwich, CT community. Address of Henry P. Seidman, 58; Address of S. Christy Mead, 69, Minutes of Nineteenth Annual Meeting, Box 29, Series 1, U.S. Chamber records. The *Chattanooga News* publisher chaired business leaders' Tennessee State-Wide Tax Committee, formed in October 1929. McWhirter introduction of George Fort Milton quoted in "The Pressure for Revision of State Revenue Systems," Minutes of Nineteenth Annual Meeting, 33, Box 29, Series 1, U.S. Chamber records.

<sup>86</sup> Four university professors of economics or political science, "willing to work for a pittance if the work gives them a chance to get at the facts, and to guess at the truth behind the facts," collected information court house by court house to pair with Bureau of Internal Revenue figures. George Fort Milton, "The Pressure for Revision of State Revenue Systems," Minutes of Nineteenth Annual Meeting, 37-38, 42, Box 29, Series 1, U.S. Chamber records.

burden from agriculture to industry through income taxes on manufacturers and a franchise tax on railways and public utilities. Thus, business interests adapted model fiscal policy to each state's political economy.

In NAREB's stronghold of the Midwest, realtors and property owners endorsed both the Indiana Plan and Ohio's seemingly more reasonable and responsible tax limitation. Addressing the annual convention of Indiana Real Estate Boards, Detroit Judge Arthur Lacy admiringly suggested a state motto: "HOOSIER CREDITORS, WE HAVE NONE."<sup>87</sup> Elsewhere, Lacy described the state's tax commission as allowing a "wide-awake citizenship (to) in a large way stop the unnecessary spending of public funds."<sup>88</sup> At its own convention, NAREB passed a resolution preferring "the so-called Indiana Plan for the review and control of local expenditures to "arbitrary limitations on tax rates imposed by state constitutions."<sup>89</sup> During the 1920s, NAREB spent \$100,000 researching taxing systems and corrective measures, distilling six proposals for tax action in 1931, including limits on real property taxes to a fixed percentage of true value (the Ohio limit) and a budget agency to reduce tax levies and veto bond issues (the Indiana plan).<sup>90</sup> NAREB's recommended one percent limit would annually take one-sixth of real estate appreciation equivalent to more than a sixteen percent income tax; thus property would still bear an equal tax burden.<sup>91</sup> That "multitudinous tax-spenders' organizations (were) concentrating efforts to defeat limitation (was) one of the arguments in its favor."<sup>92</sup>

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<sup>87</sup> Arthur J. Lacy, "The Taxation of Real Estate" address delivered before the Annual Convention of the Indiana Real Estate Boards Association at Evansville, Indiana, September 18, 1930, 1, Folder 221, Box 5, Arthur J. Lacy Papers, Bentley Historical Library, University of Michigan.

<sup>88</sup> Arthur J. Lacy, "The Costs of Government, October 2, 1930, 13, Folder 221, Box 5, Arthur J. Lacy Papers, Bentley Historical Library, University of Michigan.

<sup>89</sup> *Ibid.*, 12-13.

<sup>90</sup> The other proposals were valuation based on use, state and federal aid to schools, and majority property owner approval for improvement assessments. Herbert U. Nelson, "Six Proposals for Tax Action" in National Committee on Real Estate Taxation, *Real Estate Tax Limitation* (Chicago, IL.: NAREB, 1936).

<sup>91</sup> NAREB's calculation used a six percent rate of return on investments.

<sup>92</sup> *Real Estate Tax Limitation*, 13.

The U.S. Chamber discussed how to replicate Ohio's 1929 constitutional property tax limitation amendment during its 1930 annual meeting roundtable "What's Ahead for Business in Taxation?"<sup>93</sup> The Ohio state superintendent of schools had exploited loopholes in prior statutes to impose taxes on districts where two-thirds of voters would not override the limit to fund schools; by 1930, property taxes reached 22 mills.<sup>94</sup> Ohioans constitutionally limited overall property taxes: the combined tax rates of the state and all political subdivisions—county, township, municipality, school district—could be no more than 1.5 percent of a property's assessed value as of 1929, then 1 percent as of 1933. As under statutory limits, two-thirds of voters could authorize extra levies to override the limit.<sup>95</sup> For the first time in 55 years and 12 legislative and ballot campaigns, Ohioans amended the state constitution's taxation sections.<sup>96</sup> The chairman of the Cleveland Chamber of Commerce Committee on Taxation, whose colleagues took "a great deal of the credit" for the constitutional limit, shared state business lessons for a federal tax program.<sup>97</sup>

NAREB claimed one of its own, Adam Schantz of Dayton, as the leader of Ohio's property tax reduction between 1929 and 1933. As in Detroit, tax cutters in Ohio's industrial cities aligned with business associations and real estate boards: Schantz was a real estate owner, manufacturer,

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<sup>93</sup> The roundtable also considered federal taxation, interstate reciprocity, and National Tax Association research on net income taxes. Minutes of Eighteenth Annual Meeting, Box 29, Series 1, U.S. Chamber records.

<sup>94</sup> Michigan Municipal League Special Committee, "Proposed Constitutional Amendments Affecting The General Property Tax," October 6, 1932, EA 180 P965 C758, Bentley Historical Library, University of Michigan.

<sup>95</sup> The Ohio legislature had paired a statutory version of property tax limitation known as the Smith one-percent-law with assessment reforms in 1911. When locally elected assessors refused to re-assess property at full value, tax collections fell dramatically. The limit was relaxed in 1922 after school districts and municipalities submitted extra levies for voter approval. School districts and incorporated municipalities could levy an additional ten mills combined. The limit exempted debt. Municipal borrowing for operating expenses added \$100,000,000 in interest costs over direct taxation. Atkinson cited in Norrix, *Effects of Over-all Property Tax Limitation*, 57.

<sup>96</sup> *Ibid.*, 28.

<sup>97</sup> David A. Gaskill, "Can Local Business Organizations assist in developing a Federal Tax Program?" 35, Minutes of Eighteenth Annual Meeting, Box 29, Series 1, U.S. Chamber records. Fourteen statewide organizations including trade associations of bankers, retailers, wholesalers, credit men, insurance men, manufacturers, and real estate men, the Ohio Farm Bureau, and the Ohio Grange formed a council operating in conjunction with the Ohio Chamber of Commerce. During a tax crisis at the end of the 1920s, the council reduced the budget, corporation franchise taxes, the general property tax, and insurance premiums. Out of this council developed the All-Ohio Tax League that "proposed taxation amendments to the state constitution." U.S. Chamber *Taxation Activities*, 13.

and director of a utilities company. With property taxes already supplying nearly three-quarters of state and local government taxes, NAREB hoped the new over-all limitation would be harder to evade or amend than from past statutory limitations on levies and bonds funding specific units of government.<sup>98</sup> However, the property tax limit did not stop interest group politics: the “powerful school lobby” which Schantz thought exerted “almost a sinister influence” over legislators insisted on a replacement tax.<sup>99</sup> The 1933 sales tax yielded twice the reduction in property taxes, with sixty percent of the new revenue going to schools. Urban real estate owners paid more in new taxes than they saved in property taxes.<sup>100</sup>

By the 1932-1933 fiscal year, government expenditures and taxation was a subject of “major interest” to chambers and was the “dominant note” of discussion at the U.S. Chamber’s meeting.<sup>101</sup> In San Francisco, the city whose 1873 “dollar limit” inspired state tax limits beginning with Rhode Island’s 1878 law, businessmen met to discuss tax action in spring 1932.<sup>102</sup> Indiana banker McWhirter addressed “Control of State and Local Expenditures” and chaired a panel on State Control of Taxes and Debts.<sup>103</sup> A Utah banker described the founding of a taxpayers organization to control debt through research, analysis, and contact with public officials.<sup>104</sup> Spokesmen representing different classes of property agreed the government should spend less, fundraised from railroads and public utilities, and hired a lawyer to write budget laws.<sup>105</sup> A member of the Burlingame, CA Chamber of Commerce recruited co-sponsors of a resolution that

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<sup>98</sup> U.S. Bureau of Census data computed by NICB in “Cost of Government, 1922-1934,” *Real Estate Tax Limitation*, 11.

<sup>99</sup> Schantz letter of November 1935 quoted in *Real Estate Tax Limitation*, 31.

<sup>100</sup> Norrix, *Effects of Over-all Property Tax Limitation*, 58.

<sup>101</sup> June 24, 1932 meeting minutes, Box 2, U.S. Chamber records. J. Elmer Murphy, “Business Studies the Job Ahead,” *Nation’s Business* vol. 20, no. 6 (June 1932): 25.

<sup>102</sup> Box 20, U.S. Chamber records.

<sup>103</sup> Felix M. McWhirter, “Control of State and Local Expenditures” address during Pressing Problems of Public Finance panel, May 19, 1932, Minutes of Twentieth Annual Meeting, Box 29, Series 1, U.S. Chamber records.

<sup>104</sup> Orval W. Adams, “Controlling Public Debts,” May 18, 1932.

<sup>105</sup> Adams answer to E. W. Gans question about costs, 219.

the U.S. Chamber endorse the formation of taxpayers associations, advise its members how to, and produce publicity and informational materials, adopted by the panel attendees and forwarded to the Board of Directors.<sup>106</sup>

By 1932, states increasingly reduced property taxes with overall limits defined in law rather than piecemeal decisions by commissions. Even in Indiana, where as few as ten taxpayers could challenge public spending before a State Board of Tax Commissions, legislators imposed statutory limits on property taxation—one percent on farms, and one and a half percent in cities—with a generous emergency override provision.<sup>107</sup> Limits were templates that varied state by state based on interest group alignment. While homeowners and realtors influenced sixteen state statutory laws or constitutional amendments in 1932 and 1933, next in Michigan, Washington, and West Virginia, I follow farmers and lawyers, who defined the boundaries of the tax base teachers and businesses were after from the left and right.<sup>108</sup>

### **The *Michigan Farmer's* Petition Drive to Amend the State Constitution to Limit Property Taxes**

Agitating for national legislative support during the crisis of falling crop prices and rising farm costs, farmers took measures into their own state ballot boxes. Protesting their economic pain, farmers opposed freight rate increases, blockaded roadways, spoiled food, and demanded price supports. Nationally, the Agricultural Adjustment Act of 1933 paid farmers to reduce their supply of crops and livestock; however, destroying production was distasteful, and aid was distributed unevenly. After the U.S. went off the gold standard in 1933, the currency reflation

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<sup>106</sup> George Williams, 221, 262.

<sup>107</sup> *Real Estate Tax Limitation*, 16, 18.

<sup>108</sup> Count in Jon C. Teaford, *The Rise of the States: Evolution of American State Government* (Baltimore, MD: Johns Hopkins University Press, 2002): 132.



raised prices and eased farmers' mortgage debts. In 1930 and 1931, however, farmers' state and local property taxes were a burden no federal program could lift. Feeling trapped, Midwestern farmers consequently pursued a financial strategy of desperation, dropping appeals for fair taxes in search of immediate relief. Managed by agricultural publishers, the grassroots campaign for overall property tax limitation, known as fifteen mill tax limitation in Michigan, relied on thousands of rural canvassers.

State by state, farmers cut property taxes to stay on their land. At the start of the Great Depression, the property tax supplied 78 percent of Michigan's tax revenue, a much larger proportion than in similar states.<sup>109</sup> The Depression forced all manner of Michigan property owners to abandon 9,755,469 acres in 1930, and to sell for taxes in 1931.<sup>110</sup> Oil and timber temporarily inflated land value, and thus property owners paid higher taxes even as rates stayed the same. Property ownership was an urban as well as rural phenomenon: the Detroit Commerce League promoted homeownership as the cure for Bolshevism in the immigrant city, and General Motors lent money to buy the consumer products like automobiles and refrigerators it manufactured for homes it financed and built.<sup>111</sup> Only 84.6 percent of the amount of property taxes levied in 1932, including previously delinquent taxes, was collected.<sup>112</sup> Delinquency peaked in 1933, with 49.1 percent of total property taxes unpaid, and only 38 per cent of property taxes levied that year collected.

A regional agricultural publishing company owned by the Republican U.S. Senator from Kansas, Arthur Capper, adapted Ohio's constitutional language for Michigan. It is necessary to

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<sup>109</sup> "Taxes! Taxes! Taxes!" *Michigan Farmer*, October 17, 1931, 282-6.

<sup>110</sup> John R. Rood, "The Folly of Excess Taxation," *Michigan Farmer*, December 12, 1931, 1-427.

<sup>111</sup> <Check 40 percent figure.> Amsterdam, *Roaring Metropolis*. General Motors material in the Hagley Library and Archives.

<sup>112</sup> Norrix, *Effects of Over-all Property Tax Limitation*, 17.

dwell for a moment on the details of farmers' role given teachers' perception of, and the elaborate system of, business and real estate fiscal control in the Midwest. What had begun as the Economy League of Michigan a year before was known popularly by many names, and perceived to be behind many tax cuts.<sup>113</sup> The Michigan Education Association attributed fifteen mill tax limitation to a "Michigan Tax Economy League."<sup>114</sup> While it is possible that the Economy League of Michigan turned to overall property tax limitation after its preferred Indiana Plan was defeated in the 1931 state legislature, Michigan farmers' weekly magazine the *Michigan Farmer* and fraternal organization the Grange did most of the work.<sup>115</sup> NAREB's National Property Owners Division head Judge Arthur Lacy of Detroit, who quoted from another of Capper's publications, may well have reached out to the *Michigan Farmer* about tax limitation.<sup>116</sup> Wherever the *Michigan Farmer* first learned of the fiscal concept of tax limitation, Capper believed that "farming must profit by the example of other industries in organizing for self-protection."<sup>117</sup> Detroit attorney and *Michigan Farmer* legal editor John R. Rood, formerly a University of Michigan law professor, researched similar tax limitations in a dozen states, and kept tabs on a contemporaneous campaign in West

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<sup>113</sup> Teachers warned against the National Economy League, as well as chambers of commerce. Tyack, Lowe, Hansot, *Public Schools in Hard Times*, 58. The National Education Association adopted a resolution condemning "an organized attempt by certain vested interests to cripple the public school system in America" using taxpayers leagues. Correspondence with A. J. Phillips, Secretary, Michigan Education Association, March 4, 1937 cited in Halter, 89.

<sup>114</sup> Correspondence with A. J. Phillips, Secretary, Michigan Education Association, March 4, 1937 cited in Halter, 89.

<sup>115</sup> Just before the election, October 5, 1932, the Michigan State Grange purchased a membership to the Tax Economy League's Michigan Council on Governmental Expenditures.

<sup>116</sup> Any relationship between farming and real estate went undocumented in Capper publications. Comment on county consolidation in Tennessee in the September 1930 issue of Capper's Magazine. Judge Arthur J. Lacy, "The Present Status of Real Estate Taxation," *National Real Estate Journal*, October 13, 1930, 19, Folder 244, Box 5, Arthur J. Lacy Papers, Bentley Historical Library, University of Michigan.

<sup>117</sup> Senator Arthur Capper, "Our Biggest Business," *Michigan Farmer*, January 23, 1932, 1-53. Capper's Ohio, Pennsylvania, and Michigan farm weeklies were no stranger to politics: for example, a Republican state representative for Michigan's Ionia County wrote a regular column with news from the legislature and his farm. Stanley M. Powell, "Notes from Ingleside Farm," *Michigan Farmer*, November 26, 1932, 186-2.

Virginia.<sup>118</sup> Rood's subsequent split from the *Michigan Farmer* demonstrated a divergence between farm and real estate interests over property taxes.<sup>119</sup>

The *Michigan Farmer* sent staff on a listening tour across the state during the summer of 1931 to attend meetings of all sizes and understand what relief farmers needed. Wherever two or three farmers gathered, the *Michigan Farmer* reported, they discussed taxes, their "one common interest."<sup>120</sup> An Oceana County farmer speculated that a "petition whereby each and every taxpayer will sign this paper and go upon record refusing to pay one cent of realty tax" would lead within ninety days to an income tax, hopefully without exemptions.<sup>121</sup> An Ontonagon County farmer who attributed high taxes to parasitic officials, untaxed investors, corrupt and mistimed elections wanted equal taxation above all else.<sup>122</sup> The Michigan State Grange's executive committee voted to tell the governor to call a special session of the legislature "to relieve in a measure, the confiscatory tax on real estate."<sup>123</sup> Republican Governor Brucker told six hundred Grangers he decided not to call the session until the threat of starvation had receded, seemingly to lower the risk of a dole passing.<sup>124</sup>

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<sup>118</sup> J. R. Rood, "Tax Limitation Not New," *Michigan Farmer*, February 6, 1932, 70-2. "Tax Limitation," *Michigan Farmer*, April 2, 1932, 3-195.

<sup>119</sup> Rood's son, one of the very few fifteen mill tax limitation initiatory petition signature gatherers in Detroit's Wayne County, insisted his father's group the "Home Patriots" had authored the amendment, and "after months of hunting" secured a publication's support. The *Michigan Farmer* countered that "The Home Patriots" only existed in the "apparently well fertilized mind of young Mr. Rood." Indeed, Rood objected to the *Michigan Farmer*'s final tax limitation proposal because it did not apply to incorporated cities and did not include self-assessment of property value. Controversially, Rood wanted to allow property owners to sell at whatever price they chose, which would become the new owner's assessed valuation. Herbert E. Powell, "Why the Amendment Should Pass," *Michigan Farmer*, October 1, 1932, 1-109. "Tax Opportunists," *Michigan Farmer*, April 16, 1932, 218-2. The farm weekly later apologized. "Zeal Versus Opportunism," *Michigan Farmer*, April 30, 1932, 250-2. "Grange Repudiates Rood's Proposal," *Michigan Farmer*, April 16, 1932, 218-2.

<sup>120</sup> "Tax Interest," *Michigan Farmer*, September 19, 1931, 214-6.

<sup>121</sup> O. A. Keeler, Oceana Country, "Straight From the Farm," *Michigan Farmer*, September 12, 1931, 192-8, MSG UM.

<sup>122</sup> Albert Oroivecz, Ontonagon Country, "Straight from the Farm: Reasons for High Taxes," *Michigan Farmer*, October 31, 1931, 334-12.

<sup>123</sup> August 10, 1931 Meeting Minutes, Folder Executive Committee, 1924-1933, Box 25, MSG UM.

<sup>124</sup> Stanley M. Powell, "Grange Holds Thrilling Meet at Ludington," *Michigan Farmer*, November 14, 1931, 5-363.

The *Michigan Farmer's* proposed constitutional amendment restricted property taxes to fifteen mills out of 1,000, or 1.5 percent of assessed value. In 1931, the average tax rate on \$1,000 worth of Michigan property was \$32.36; the proposal would cap the rate at \$15, with several important exemptions.<sup>125</sup> Fifteen or 15 mill tax limitation, as it came to be called, was a “safe and sane remedy” that “would afford a maximum of possible present tax relief, with a minimum curtailment of needed public service.”<sup>126</sup> *Michigan Farmer* editors called together a handful of representatives of farm organizations and the state bureaucracy—“leaders in farm thought” like the state commissioner of agriculture—to develop constitutional language for property tax reduction, and to qualify the resulting limitation for the 1932 statewide ballot.<sup>127</sup> Magazine staff claimed thousands of subscribers had appealed to them to coordinate an amendment for tax relief.<sup>128</sup> Extolling farmers as producers of real wealth and economical in their business, the farm weekly's editors judged they were seemingly the only group that could effectively cut public expenditures.<sup>129</sup> Thus, the *Michigan Farmer's* dedicated, specialized audience became the base of a social movement; editors molded farmer-readers into campaigners.<sup>130</sup>

Funded by federal, state, and county appropriations, agricultural agents formed a network that could be used for politics as well as science. The agricultural college Michigan State's co-operation extension service supervised seventy county agents who taught soil conservation, land utilization, home economics, and farm accounting, promoted industries, and controlled pests in

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<sup>125</sup> “Proposed Amendments to State Constitution,” *Michigan Education Journal* 10 (1) (September 1932): 8.

<sup>126</sup> “Tax Limitation,” *Michigan Farmer*, April 2, 1932, 3-195.

<sup>127</sup> Most representatives went unnamed. Herbert E. Powell, “Why the Amendment Should Pass,” *Michigan Farmer*, October 1, 1932, 1-109.

<sup>128</sup> Waterbury, a former state representative and senator and president of the State Association of Farmers' Clubs, was business manager of the *Michigan Farmer* and an official and stockholder in unnamed businesses. I. R. Waterbury, “Make Your Own Tax Law,” *Michigan Farmer*, December 4, 1931, 411-1. “I. R. Waterbury,” *Michigan Farmer*, December 10, 1932, 206-6.

<sup>129</sup> “A Farmer Movement”; “The Grange,” *Michigan Farmer*, November 7, 1931, 344-6

<sup>130</sup> By contrast, the Michigan Farm Bureau began publishing *Michigan Farm News* for the public in 1930.

normal years, and secured crop production loans, planted welfare gardens, and made tax studies during the depression.<sup>131</sup> At demonstration and other meetings, county agents reached hundreds of thousands each year.<sup>132</sup> County agents visited farms and office, communicated on the telephone and by letter, and distributed bulletins. County agents also occasionally spoke on taxes at Granges and mass meetings, where they were requested by name. In Huron County, a county agent hosted several hundred farmers at the Bad Axe court house discussing tax limitation with the *Michigan Farmer's* editor, and state representatives who also supported income taxes.<sup>133</sup> Closer to the fall 1932 election, the Calhoun County agent “gave an informal as well as instructive talk” to the Home Grange about taxation and proposed constitutional amendments.<sup>134</sup>

By late November 1931, the *Michigan Farmer's* proposal had all the suspense of a serialized story in a popular magazine. After searching for suggestions from every state, the *Michigan Farmer* selected a remedy several states had tried: “to place a limit on the tax that can be legally levied on property, and thus automatically put a limit on public spending.”<sup>135</sup> In Michigan, an initiative petition required ten percent of voters to sign, and four months’ notice before an election to submit. The magazine had contemplated a campaign too late in 1930, and was delayed in 1931 by the regular legislative session and summer farming season. In October, the agricultural publication began preparing readers to support its tax relief program, asking “every subscriber to stand by ready to act when the hour arrives.”<sup>136</sup> On November 21, editors promised

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<sup>131</sup> Annual Report of State Supervisors of County Agricultural Agents Michigan, December 1931-November 1932, Folder 16, Box 2208, <>, MSU.

<sup>132</sup> Report of Division of Extension Work For Year Ending June 30, 1933, Folder 13, Box 2208, <>, MSU.

<sup>133</sup> County agent E. L. Raven. “Tax Fight Progresses,” *Michigan Farmer*, January 9, 1932, 18-2.

<sup>134</sup> Ralph E. Helme. October 1, 1932 Meeting Minutes; October fifteen, 1932 Meeting Minutes, Calhoun County Home Grange #124, Folder 14, Box 90, MSG MSU.

<sup>135</sup> “Tax Relief,” *Michigan Farmer*, November 21, 1931, 384-6.

<sup>136</sup> “Taxes! Taxes! Taxes!” *Michigan Farmer*, October 17, 1931, 282-6.

an “up-to-date Magna Charta for the taxpayers of our state.”<sup>137</sup> Finally published on November 28, the “Proposed Tax Limitation Amendment” took over the front cover of the *Michigan Farmer*:

The total amount of taxes assessed against property for all purposes in any one year shall not exceed one and one-half per cent of the assessed valuation of said property, except taxes levied for the payment of interest and principal on obligations heretofore incurred, which sums shall be separately assessed in all cases; PROVIDED, that this limitation may be increased for a period of not to exceed five years at any one time, to not more than a total of five per cent of the assessed valuation, by a two-thirds vote of the electors of any assessing district, or when provided for by the charter of a municipal corporation; PROVIDED FURTHER, that this limitation shall not apply to taxes levied in the year 1932.<sup>138</sup>

The amendment language could not cover all contingencies but was strategically designed to avoid significant opposition from cities. Home rule meant municipal corporations with existing statutory limits would have to opt-in to the tax limit of 1.5 percent of assessed value but would be bound by the maximum 5 percent limit. Every other division of government from the state to the rural school district was automatically included under the more restrictive limit. The amendment would reduce taxes on railroads and utilities as well as farms. The *Michigan Farmer* anticipated a “stock argument:” the amendment would reduce the school fund, but the legislature could levy new taxes. The magazine pledged to reveal details and ask for volunteers—“of which we have no doubt there will be an adequate army”—in the next issue.<sup>139</sup>

To collect 86,000 signatures, the *Michigan Farmer* signed up a Key Man or Woman to approach every voter in their township or village. Readers clipped an application coupon to send in to editor Burt Wermuth offering services as a signature gatherer. By December 12, the magazine claimed to have heard from “officers in subordinate granges, presidents of farm bureaus, farmers’ club officials, supervisors, township treasurers, assessors, editors, preachers, and a whole host of

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<sup>137</sup> “Taxpayers’ Magna Charta,” *Michigan Farmer*, November 21, 1931, 384-6.

<sup>138</sup> “Proposed Tax Limitation Amendment,” *Michigan Farmer*, 396-1, November 28, 1931.

<sup>139</sup> I. R. Waterbury, “The Tax Limitation Proposal,” *Michigan Farmer*, November 28, 1931, 3-397, 404-10.

others.”<sup>140</sup> 2,007 people volunteered in the first two weeks.<sup>141</sup> The *Michigan Farmer* continued recruiting circulators by advertising additional benefits: returning property sold for taxes to the tax rolls, encouraging home and farm ownership and property improvements. The reader’s column “Straight from the Farm” filled with sign-ups. On December 19, the magazine printed hundreds of names, organized by county with the first to volunteer from each subdivision appointed Key Man.<sup>142</sup> The *Michigan Farmer* had “no way of telling who might be best qualified for bringing the petitions to the attention of voters” but encouraged others who would help to collect twenty-five names each. By the end of 1931, 6,019 people “armed with petitions were travelling over every sort of road in Michigan in all kinds of weather at their own personal expense to give their neighbors a chance to support this proposal.”<sup>143</sup> The magazine offered suggestions both legal—circulators should be qualified electors—and practical—visit signers at home.<sup>144</sup> Despite boasting five Granges, no one had volunteered from Wayne County, home to Detroit, the state’s largest city, but another list of names would be published in the new year.<sup>145</sup> Urban property owners did not approach property tax limitation with the same zeal as farmers. By the new year, the *Michigan Farmer* had mailed 20,000 petitions and begun to experiment with assigning turf, determining that four people per township was more successful than one per school district.<sup>146</sup>

Endorsements rolled in from farmer organizations, including the Michigan State Association of Farmers Clubs and the Michigan State Grange.<sup>147</sup> After discussing the *Michigan*

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<sup>140</sup> “Help Us Win YOUR Fight,” *Michigan Farmer*, December 12, 1931, 428-2.

<sup>141</sup> “Tax Petitions are Delivered,” *Michigan Farmer*, May 14, 1932, 7-271.

<sup>142</sup> “Key Men In Tax Limitation Fight,” *Michigan Farmer*, December 19, 1931, 444-2.

<sup>143</sup> “Tax Petitions are Delivered,” *Michigan Farmer*, May 14, 1932, 7-271.

<sup>144</sup> “Suggestions on Circulating Petitions,” *Michigan Farmer*, December 19, 1931, 5-447.

<sup>145</sup> 1931 Roster of Granges in Michigan, Folder 21, Box 62, MSG MSU.

<sup>146</sup> “Key Men In Tax Limitation Fight,” *Michigan Farmer*, January 2, 1932, 2-2.

<sup>147</sup> “Tax Questions Answered”; “Farmers Clubs Meet,” *Michigan Farmer*, December 12, 1931, 432-6.

*Farmer's* "Tax Limitation Amendment," the State Grange's executive committee unanimously adopted the following resolution:

"Whereas the Michigan Farmer has started a movement to reduce and limit taxes on property; and whereas we believe that the rate fixed by them is as high as real estate can bear; and that any additional taxes that may be necessary, must be raised from other sources; Therefore be it resolved; that we approve this step and pledge our assistance and cooperation in advancing the interest of this proposed amendment."<sup>148</sup>

The State Grange spread the message to members, publishing the resolution in the *Michigan Patron*, and offering a copy of its 1932 roster to the *Michigan Farmer* for "sending out blank petitions for signing." The chairman of the State Grange tax commission wrote in to the *Michigan Farmer* to pledge his members as circulators in their home county.<sup>149</sup> A resident of Fruitport Township, the chairman spoke on the amendment at the Ottawa County Pomona Grange, offered to enlist Farm Bureau officers in Muskegon County, and friends in Muskegon Heights. The farm weekly was "peculiarly indebted to the State Grange for its willingness temporarily to sacrifice a tax program of their own in order to join in this effort to limit property taxes."<sup>150</sup>

Grange members across the state were dedicated *Michigan Farmer* readers and enthusiastic tax limitation campaigners. In January, members of the Paris Grange, on a riverbank near Big Rapids, and the Ironwood Grange, in the upper peninsula, read aloud the *Michigan Farmer's* tax limitation proposal.<sup>151</sup> Nearer to Detroit, the Brandon Grange of Oakland County met in the new year and appointed their own Key Man.<sup>152</sup> By the end of the month, the Algoma and Carlisle Granges of Kent County and northern Michigan's Grand Traverse Grange had endorsed the

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<sup>148</sup> C. H. Bramble, Lansing, N. P. Hull, Lansing, W. F. Taylor, New Era, Holly Hubbell, Freeland, A. B. Cook, Owosso, G. F. Roxburgh, Reed City, Maude E. Lovejoy, Perry. November 30, 1931 Meeting Minutes, Folder Executive Committee, 1924-1933, Box 25, MSG UM.

<sup>149</sup> P. M. Hansen, "Grange Approves: Straight *from the Farm*," *Michigan Farmer*, December 19, 1931, 5-447.

<sup>150</sup> Burt Wermuth, "Your Efforts Have Not Been in Vain," *Michigan Farmer*, November 12, 1932, 5-169.

<sup>151</sup> Ironwood Grange, No. 1300, of Gogebic County, Secretary Records September 27, 1916 to October 11, 1933, Box 31; Paris Grange collection, Box 37, MSG UM.

<sup>152</sup> Mrs. Carrie Ulovh, "Straight *from the Farm*," *Michigan Farmer*, January 9, 1932, 7-23.



limit.<sup>153</sup> That winter, Berrien County Grangers heard a talk on tax limitation after a rendition of the song “Stay in your own back yard” and before film from the Michigan Department of Conservation.<sup>154</sup> By the fall, the Berrien County Pomona had voted on each of the eight ballot initiatives, going on record in favor of fifteen mill limitation.<sup>155</sup>

Farmers planned to force the legislature to approve an income tax by restricting property tax revenue. The tax limitation amendment would “compel the Legislature to do that which they have refused to do, viz: “Build all roads from the gasoline tax and pay all the school expenses above three or four mills from revenues derived from other sources, and the main source will be an income tax; therefore, vote for this amendment.”<sup>156</sup> However, the Michigan Municipal League worried that a revenue crisis would yield “a tax system more inequitable and burdensome than at present.”<sup>157</sup> Another constitutional amendment to levy a general income and profits tax on inhabitants and corporations was in the works.<sup>158</sup> Governor Brucker proposed combining the amendments into one dollar of property tax decreases for one dollar of income tax increases. The Michigan Education Association agreed that real estate taxes must be reduced at the same time and by the same amount as any special taxes for education were enacted.<sup>159</sup> The House’s taxation committee chair introduced an income tax amendment that many hoped would be passed alongside tax limitation, but his resolution fell twelve votes short of the necessary two-thirds majority.<sup>160</sup>

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<sup>153</sup> “United We Stand,” *Michigan Farmer*, January 23, 1932, 58-6.

<sup>154</sup> Based on meeting minutes, the talk took place between January and April 1932. Berrien County Pomona #1 Meeting Minutes, 173, Folder 3, Box 9, Collection 187, MSG MSU.

<sup>155</sup> *Ibid*, 179.

<sup>156</sup> C. H. Bramble, “Taxes On Real Estate Must Be Reduced,” *Michigan Patron* vol. XI, no. 2, February-March 1932, 4.

<sup>157</sup> “Michigan Municipal League Opposes Proposed State Constitutional Amendments Two and Four,” *Michigan Education Journal* 10 (3) (November 1932): 125.

<sup>158</sup> The Callahan Tax Plan. George F. Roxburgh, “Facts Worthy of Attention,” *Michigan Patron* vol. XI, no. 2, February-March 1932, 2.

<sup>159</sup> “Educational Program Adopted by the Legislative Committee of the Michigan Education Association,” *Michigan Education Journal* 10 (1) (September 1932): 7.

<sup>160</sup> The Thomas Income Tax Resolution. Stanley M. Powell, “Notes from Ingleside Farm,” *Michigan Farmer*, April 16, 1932, 226-10. Stanley M. Powell, “Notes from Ingleside Farm,” *Michigan Farmer*, May 14, 1932, 19-283.

Sixteen representatives from Wayne County voted against the resolution according to the Michigan Education Association.<sup>161</sup> However, Grange leaders anticipated opposition from daily papers that “mostly represent wealth that will fear the passage of this amendment because it may force an income tax in support of education, which it should.”<sup>162</sup> The Michigan Farm Bureau resolved that any additional funds for schools come from a graduated state income tax with lower exemptions than the federal income tax.<sup>163</sup> However, such a school tax “shall be devoted dollar for dollar to property tax relief, and shall not be confiscatory in rate.”<sup>164</sup>

The Michigan Manufacturers’ Association (MMA) and its influential lobbyist known as “Mr. Big” took another approach to the problem of property taxes: reduce, not replace. When Governor Brucker called a special session of the legislature to consider road taxes in February, the MMA announced “The Lid is Off.” The MMA anticipated “about everything that is known to the human mind in the form of taxation will probably be before the legislature” including the introduction of income, sales, and chain store taxes in addition to the increase of gas taxes.<sup>165</sup> MMA lobbyist and General Manager John L. Lovett told members that their “duty as a manufacturer and businessman” was to make sure legislators did not vote for new taxes, and attached lists of senators and representatives to lobby. The legislature redistributed highway weight and gas tax revenue to counties, paused road construction, raised city debt limits, and re-

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<sup>161</sup> The MEA tracked authorizing legislation but not initiative petitions. E. T. Cameron, “The Special Session,” *Michigan Education Journal* 9 (8) (April 1932): 1094.

<sup>162</sup> “Three Proposed Amendments to Michigan State Constitution Explained by State Master,” *Michigan Patron* vol. XI, no. 4, June-July 1932, 2.

<sup>163</sup> Resolutions Presented to the Michigan State Farm Bureau Board of Delegates at their 15<sup>th</sup> Annual Meeting, November 10-11, 1932, Convention Resolutions November 10, 1931 to November 9, 1944 Folder, Michigan Farm Bureau collection, Archives of Michigan, Lansing, MI.

<sup>164</sup> Resolutions Adopted by the Michigan State Farm Bureau Board of Delegates at their 17<sup>th</sup> Annual Meeting, November 8-9, 1934, 4, Convention Resolutions November 10, 1931 to November 9, 1944 Folder, Michigan Farm Bureau collection, Archives of Michigan, Lansing, MI.

<sup>165</sup> John L. Lovett, “The Lid is Off,” Bulletin No. 1018, February 22, 1932, Folder MMA Bulletins 1931-1932, Box 2, MMA.

opened closed banks, but defeated resolutions to tax income or retail stores.<sup>166</sup> Through appropriation cuts, the legislature reduced the state property tax by nearly twenty percent.<sup>167</sup>

As pressure for government spending built, the MMA urged its manufacturer members that “Tax Payers Must Be Aroused.” Manufacturers in several counties had “cooperated in the organization of such bodies” as taxpayers leagues. Rather than “taxation limitation schemes (that would) be initiated and placed upon the ballots which, if passed, will seriously handicap the operation of all public units” the MMA urged members to call meetings with officials to “bring about an orderly reduction in taxes” by cutting public expenditures.<sup>168</sup> The *Michigan Farmer’s* initiative petition to which manufacturers referred would cut “at least half of the taxes necessary to support the state, counties, cities, school districts, townships and villages,” and the farm weekly advocated the income tax raise the \$150 million of lost revenue.<sup>169</sup> The MMA estimated the state income tax rate would be higher than the federal rate.

The *Michigan Farmer’s* legal editor John R. Rood falsely claimed the farm weekly as a co-sponsor of another property tax petition, attempting to attach a real estate ballot initiative to farmers’ well-known tax limitation. Rood organized a “Home Patriots” group out of his Detroit law office to qualify the ballot initiative to exempt \$3,000, the value of a homestead, from property taxation. The National Association of Real Estate Boards championed homestead exemptions as tax policy, and Rood’s proposal was likely one of the real estate board’s.<sup>170</sup> However, the *Michigan Farmer* feared the loss of tax revenue from another property tax ballot measures would

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<sup>166</sup> John L. Lovett, “New Laws of the Special Session,” Bulletin No. 1023, May 20, 1932, Folder MMA Bulletins 1931-1932, Box 2, MMA. Ortquist, “Tax Crisis and Politics in Early Depression Michigan.”

<sup>167</sup> Stanley M. Powell, “Special Session Starts State Tax Deflation,” *Michigan Farmer*, May 28, 1932, 5-289.

<sup>168</sup> John L. Lovett, “Tax Payers Must Be Aroused,” Bulletin No. 1021, March 16, 1932, Folder MMA Bulletins 1931-1932, Box 2, MMA.

<sup>169</sup> John L. Lovett, “The 1933 Legislature is Extremely Important,” Bulletin No. 1024, May 26, 1932, MMA Bulletins 1931-1932, Box 2, MMA.

<sup>170</sup> Beito, *Taxpayers in Revolt*.

close rural schools, among other results “akin to anarchy.”<sup>171</sup> Calling the amendment “vicious” closer to election day, the Grange’s *Michigan Patron* argued some school districts would have no property left on tax rolls except to cover debt.<sup>172</sup> By contrast, Grange Master Bramble estimated that tax limitation would only reduce “the state, county, and township treasury” by one-quarter, and the school fund by fifteen percent.<sup>173</sup> Capper’s *Michigan Farm Weekly* further denounced Rood senior on its cover and printed the Grange’s rejection of the homestead exemption petition.<sup>174</sup>

The tax limitation campaign quickly became part of community life. Although winter weather made petition gathering difficult, as many as 4,500 signatures a day were mailed to the *Michigan Farm Weekly*’s Detroit office. A reader from Iron County wrote in with a poem for the last push: “I’ve surely had my ups and downs, / During this tax campaign, / Meeting a few folks here and there / Who refused to sign their name. / The township and government officials / Says the petition is all the bunk, / And before they’d try to help us out / They’d rather see it flunk. / Now, things would be lots better / If taxes were much less, / So come on, let’s get together, / And make this fight a success.”<sup>175</sup> As of mid-March, eighty-three percent of the state’s more than two thousand villages, cities, and townships had taken part “in this popular movement to make farms and homes safe from excessive taxation in Michigan.” The *Michigan Farmer* named each missing

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<sup>171</sup> “Tax Limitation,” *Michigan Farmer*, April 2, 1932, 3-193.

<sup>172</sup> C. H. Bramble, “Constitutional Amendment Limiting Taxes on Property” *Michigan Patron* vol. XI, no. 6, October-November, 11.

<sup>173</sup> *Ibid.*, 3.

<sup>174</sup> “Grange Repudiates Rood’s Proposal,” *Michigan Farmer*, April 16, 1932, 218-2. After a visit by Rood, the State Grange’s executive committee declined to endorse “Mr. Rood’s proposition inasmuch as they had already backed the *Michigan Farmer* Amendment and they felt that the rank and file of the people would be confused with them and in all probability would vote down all of them.” April 5, 1932 Meeting Minutes, Folder Executive Committee, 1924-1933, Box 25, MSG UM. Undeterred, Rood himself spoke at the farm organization’s annual meeting, “the Grange in the sixth degree,” where delegates voted down his measure. Dora H. Stockman, “Grange Has Busy Session,” *Michigan Farmer*, November 12, 1932, 7-171.

<sup>175</sup> Norman Vassar, “Let’s Get Together,” *Michigan Farmer*, March 5, 1932, 138-14.

municipality and issued one final call for petition signatures, asking readers to call on, phone, or write their city friends.<sup>176</sup>

Campaigners turned spring elections and town meetings into venues for escalating cuts. Michigan's Attorney General approved the *Michigan Farmer's* request to collect signatures before or after annual town meetings on April 4, an election day.<sup>177</sup> Signature gatherers also participated in their township's meeting and voted down local appropriations. State legislators, on break during the special session, "saw the mood of the electors at the township meetings where the tax limitation proposal was a subject of seemingly universal discussion" and cut \$6,000,000 from the state budget upon returning to the capitol.<sup>178</sup> During an election where tax limitation was the "theme song," many Key Men ran for township supervisor and won. Meeting on county boards, these supervisors reduced spending by millions. Townships' and counties' tax-cutting spirits spread to other subdivisions of the state. During school meetings held over the summer, voters "cut out the frills" and reduced costs by the tens of millions.<sup>179</sup> At the end of the summer, chambers of commerce and civic organizations reported counties and cities had reduced government costs between ten and thirty percent.<sup>180</sup>

The petition campaign brought out the best and worst in people. An eighty-four year old Flint resident, Mrs. Emma Butterfield, collected nearly two sheets worth of signatures walking door to door. In April 1932, the Portland Grange's Lecturer's hour lecturer was open to the public of Ionia County for a discussion on tax problems; 150 attended.<sup>181</sup> Repeatedly, editors warned

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<sup>176</sup> "Will These Voters Cooperate?" *Michigan Farmer*, March 19, 1932, 154-2; "How About Your City Friends?" 158-6.

<sup>177</sup> "The Taxpayer's Corner," *Michigan Farmer*, April 2, 1932, 194-2.

<sup>178</sup> Bert Wermouth, "Your Efforts Not in Vain," *Michigan Farmer*, November 12, 1932, 11-174.

<sup>179</sup> Bert Wermouth, "Your Efforts Not in Vain," *Michigan Farmer*, November 12, 1932, 11-174.

<sup>180</sup> "The Taxpayer's Corner," *Michigan Farmer*, August 20, 1932, 58-2.

<sup>181</sup> Annual Report of Portland Grange for year ending Oct. 31 1932, Folder 4, Box 28, MSG UM.

about tax opportunists. A group of men in central Michigan sold Key Man cards for dollars or chickens, lying that petition gatherers were paid.<sup>182</sup> Another solicited memberships for a “Tax Association” at a dollar apiece.<sup>183</sup> The *Michigan Farmer* handed in two and a half times as many signatures as required to qualify the measure for the ballot, more than 220,000 names.<sup>184</sup>

Farmers had to be a 1932 Minute Man and a modern Paul Revere, “getting out an overwhelmingly favorable vote.”<sup>185</sup> Readers could request the farm weekly mail materials to their city cousins who needed convincing.<sup>186</sup> In September, the *Michigan Farmer* began printing endorsements from leading farm figures—a former state senator and master of the Michigan State Grange, a banker and officer of the American Hampshire Sheep Association, the state commissioner of agriculture, and the state collector of internal revenue.<sup>187</sup> However, Michigan’s Attorney General criticized tax limitation, and the press shared his letter.<sup>188</sup> The Michigan Education Association thought the amendment was impossible to interpret without the courts.<sup>189</sup> Responding to the charge that the proposal was poorly worded, the *Michigan Farmer* argued critics should have had their “‘perfect remedy’ prepared and sold to the people of the state.”<sup>190</sup>

Alongside politicians and editors, the *Michigan Farmer* perceived educators as the chief opponents of tax limitation. The Michigan Municipal League, the Michigan Federation of Teachers Clubs, and University of Michigan professors had lined up against the amendment.

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<sup>182</sup> “Key Men Not Paid,” *Michigan Farmer*, March 19, 1932, 190-38.

<sup>183</sup> “Tax Opportunists,” *Michigan Farmer*, April 16, 1932, 218-2.

<sup>184</sup> “Submit Petitions to Secretary of State,” *Michigan Farmer*, May 14, 1932, 1-263.

<sup>185</sup> Milton Grinnell, “Minute Men of Michigan—RALLY AT THE POLLS!” *Michigan Farmer*, October 29, 1932, 1-149.

<sup>186</sup> “Inform City Cousin,” *Michigan Farmer*, October 15, 1932, 138-6.

<sup>187</sup> A. B. Cook, “Success To Amendment No. 2,” *Michigan Farmer*, September 3, 1932, 1-73. Comfort A. Tyler, “Tax Limitation Is Imperative,” *Michigan Farmer*, September 17, 1932, 1-93. Herbert E. Powell, “Why the Amendment Should Pass,” *Michigan Farmer*, October 1, 1932, 1-109. Fred L. Woodworth, “Restore Faith in Our Property,” *Michigan Farmer*, October 15, 1932, 1-133.

<sup>188</sup> “The Taxpayer’s Corner,” *Michigan Farmer*, October 1, 1932, 110-2.

<sup>189</sup> “Vote ‘NO’ on Amendments Two and Four,” *Michigan Education Journal* 10 (3) (November 1932): 122.

<sup>190</sup> Burt Wermuth, “It is Tax Spenders vs. Taxpayers,” *Michigan Farmer*, October 29, 1932, 3-151.

Together with parents' and womens' groups, these good government and education groups appealed to Michigan voters to vote no on unscientific and irrational tax reforms—tax limitation and Rood's homestead exemption.<sup>191</sup> Two sources of school funding would be reduced by tax limitation: property taxes and the primary school fund, which taxed public utilities like general property. The editor of the *Ohio Farmer* assured readers to the north that the 1929 Ohio limit did not close schools—frills were eliminated and overbuilt districts paid more in maintenance.<sup>192</sup> The *Michigan Farmer* suggested the limitation amendment was good husbandry like trimming a lamb's tail.<sup>193</sup> The *Michigan Farmer* found “many teachers over the state who labored with us in spite of much pressure from above.”<sup>194</sup>



Educators cited different Ohio tax experts than did farmers and businessmen. An Ohio researcher, educational administrator, and lawyer all predicted school system collapse from

<sup>191</sup> “Vote ‘NO’ on Amendments Two and Four,” *Michigan Education Journal* 10 (3) (November 1932): 122.

<sup>192</sup> Walter H. Lloyd, “The Limitation Works in Ohio,” *Michigan Farmer*, October 29, 1932, 3-151.

<sup>193</sup> *Michigan Farmer*, October 1, 1932, 3-111.

<sup>194</sup> Burt Wermuth, “Your Efforts Have Not Been in Vain,” *Michigan Farmer*, November 12, 1932, 5-169.

Michigan's two proposed property tax cuts.<sup>195</sup> Even a representative of the Farm Bureau and State Grange in Ohio known at the "best friend" of his state's fifteen mill limitation told a Detroit newspaper he would vote no on the Michigan amendments, which would wreck government. In the college town of Ann Arbor, parents and teachers gathered to hear an Ohio State University professor speak on tax limitation. Building representatives for the NEA affiliate began finding out how many teachers owned and paid taxes on property.<sup>196</sup>

The week of September 30, every Grange in the nation—8,000 Granges in 35 states with approximately 800,000 members—met upon the request of the National Master.<sup>197</sup> Two weeks before the November 8 election, more than twelve hundred members attended the Michigan State Grange's four-day annual session featuring presentations of tax data, a visit by the vice president of the United States, and resolutions in favor of a federal excise tax for education and a state income tax.<sup>198</sup> In Michigan's Shiawassee, Newaygo, Calhoun, and Branch counties, grangers discussed the tax limitation amendment on its own, or alongside other amendments on the ballot like temperance, in meetings with fellow members or with the general public.<sup>199</sup>

At the same time, teachers gathered to defend school finance but not in nearly the numbers or with such high profile speakers. More professors than politicians spoke when teachers clubs across the country conferenced in Dearborn, MI a month before the election. Teachers College's

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<sup>195</sup> A. H. Rice, "Interludes," *Michigan Education Journal* 10 (3) (November 1932): 124.

<sup>196</sup> September 14, 1932.

<sup>197</sup> Folder 3, Box 8, MSG MSU. Based on the timeline in the document, these figures were from 1933. Thesis "History of the Grange in Michigan," circa 1930s, Folder 2, Box 3, Collection 109, Dora Stockman Papers, MSG MSU.

<sup>198</sup> October 24-28, 1932. Dora H. Stockman, "Grange Has Busy Session," *Michigan Farmer*, November 12, 1932, 7-171.

<sup>199</sup> September 30, 1932 Meeting Minutes, Shiawassee County Perry Grange #1484 Folder 16, Box 65, MSG MSU. October 8, 1932 Meeting Minutes, Newaygo County Fremont Grange #494 Folder 4, Box 43, MSG MSU.

<sup>199</sup> Ralph E. Helme. October 1, 1932 Meeting Minutes; October fifteen, 1932 Meeting Minutes, Calhoun County Home Grange #124, Folder 14, Box 90, MSG MSU. Ralph E. Helme. October 1, 1932 Meeting Minutes; October fifteen, 1932 Meeting Minutes, Calhoun County Home Grange #124, Folder 14, Box 90, MSG MSU. November 17, 1932 Meeting Minutes, Branch County Girard Grange #136 Folder 17, Box 14, MSG MSU.



Bureau of Education Service director told the assembled club presidents schools as currently constituted were “the result of prosperity” but teachers “could help bring better times by encouraging honest analyses of the shortcomings of our present economic order.”<sup>200</sup> In a state like Michigan, that meant examining schools’ dependency on the automotive and agricultural industries. Michigan’s state superintendent instead proposed raising aid for education through federal taxation or at least reserving some revenue sources for state, not federal, taxation.<sup>201</sup> The Michigan Education Association announced its opposition to tax limitation late in the campaign, after the Dearborn, MI mass meeting.<sup>202</sup> Assembled late, the education coalition was also weakened from the start by sexist doubts about female teachers’ ability to participate in politics.<sup>203</sup>

Of the eight amendments on the November 8, 1932 ballot, two passed: fifteen mill tax limitation and prohibition repeal.<sup>204</sup> The Grange, which supported temperance and an unsuccessful ballot measure to restrict voting on fiscal issues to property owners, did not win on all its issues but did pull enough votes on taxes. Farmers counteracted the state trend to vote down ballot initiatives, and the national trend to vote in President Roosevelt’s Democratic Party; the margin of victory for overall property tax limitation in Michigan was close: 29,162 out of more than 1.3 million votes cast. Before the votes were even counted, the *Michigan Farmer* took credit for \$25

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<sup>200</sup> Clyde R. Miller, “Teachers Must Study Economic Problems,” *Michigan Education Journal* 10 (3) (November 1932): 130.

<sup>201</sup> Webster H. Pearce to Fellow Teachers, *Michigan Education Journal* 10 (3) (November 1932): 150-151.

<sup>202</sup> October 7-8, 1932, AATC. Constance Kingan, “Royal Oak Teachers Club Sponsors Many Activities,” *Michigan Education Journal* 10 (4) (December 1932): 188.

<sup>203</sup> One University of Michigan political scientist condescended to female teachers, advising them to participate in government by picking a leader and following him, selecting a politician with the same discrimination as shopping for a hat. Thomas H. Reed, “YOU and Your GOVERNMENT,” *Michigan Education Journal* 10 (3) (November 1932): 127.

<sup>204</sup> Fifteen mill property tax limitation won with 671,124 votes to 641,962. The eight amendments, in order of their ballot number: prohibition repeal, fifteen mill limitation, legislative reapportionment, homestead exemption, voter residency requirement, pardon exclusion, oleomargarine regulation, and voter restriction on fiscal issues. “How Will You Vote On Eight Amendments to State Constitution, Election Day, November 8?” *Michigan Patron* vol. XI, no. 6, October-November, 2.

million in immediate cuts and \$100 million more annually from tax limitation.<sup>205</sup> Waiting for an official vote certification, the Michigan Education Association called a legislative conference of education organizations to study the political, legal, and financial effects of the amendment.<sup>206</sup> Total school district operating expenditures dropped from \$92 million in 1930-1931 to \$80 million in 1938-1939.<sup>207</sup> After rising to \$15.14 per student during the 1932-1933 school year, the state's primary school fund distributions fell as low as \$10.41, double the decrease the Michigan State Grange predicted for local school budgets.<sup>208</sup>

By the end of 1932, Michigan women's clubs and leagues of women voters formed the Detroit Council on Public Education to lobby against the Michigan Economy League's proposal to further reduce school spending.<sup>209</sup> However, school districts cut services, staff, and the instructional year. Student-teacher ratios increased after tax limitation, rising an average of 2.5 students to 31.8 total in fifteen mill cities, and 0.9 to 27.9 in non-fifteen mill cities like Detroit.<sup>210</sup> The school year after tax limitation passed, teachers' salaries averaged half of their 1930-31 level.<sup>211</sup> Teacher salaries in fifteen mill cities had yet to return to pre-depression levels by 1940. The National Education Association's Joint Commission on the Emergency in Education found that heavy cuts in Michigan's city schools led to the most severe budget crisis outside the south and mountain west.<sup>212</sup>

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<sup>205</sup> Bert Wermouth, "Your Efforts Not in Vain," *Michigan Farmer*, November 12, 1932, 11-174.

<sup>206</sup> E. T. Cameron, "Legislation," *Michigan Education Journal* 10 (4) (December 1932): 167.

<sup>207</sup> Norrix, *Effects of Over-all Property Tax Limitation*, 283.

<sup>208</sup> The primary school interest fund was allocated per school census child. The state created a new school fund, initially distributed on a per pupil basis, and later for equalization. In 1941, the two funds merged to be known as the school aid fund.

<sup>209</sup> Mirel?

<sup>210</sup> The Kalamazoo, MI Superintendent of Schools studied a sample of 22 Michigan cities from 1930 to 1940 in his University of Chicago dissertation. Norrix, *Effects of Over-all Property Tax Limitation*, 218.

<sup>211</sup> Editorial, "The Teacher Pays," *Michigan Education Journal* (11) 2 (October 1933): 87.

<sup>212</sup> "The Schools and the Depression, A State by State Review" report cited in Halter. In Michigan before the depression, state and local governments collected 11.88 percent of state income in state and local taxes, with 4.7 percent allocated to public schools, from primary to postsecondary. Figures from 1930. "School Costs in Michigan"

## **The Sales Tax Coalition Funds Schools Through Regressive Taxes**

The *Michigan Farmer's* overall property tax limitation launched a search for alternative sources of funding that ended with the state sales tax. While state voters had twice rejected income tax ballot measures during the 1920s, labor and farm leaders who advised state tax commissions and committees continued to prefer it to various regressive sales taxes, which fell heavier on the poor. Farmers represented by the populist Grange and the commercial Farm Bureau hoped to provoke the state legislature to approve an income tax by cutting property tax revenue. And yet, no organized interest was more powerful than business, and none more opposed to income taxes. The State Grange's executive committee resolved that while it continued to "favor a graduated Income Tax; If this does not furnish sufficient funds to meet the absolute necessities of the State, the Committee suggests a sales tax on all commodities except the ordinary and necessary foods, clothing and fuel used by the common people of our State."<sup>213</sup> Four farm organizations' legislative committees resolved that equalization of school taxes be part of the legislative response to tax limitation.<sup>214</sup> A Conference of Michigan Farm Organizations formed to lobby the 1933 state legislative session, which passes a sales not income tax.<sup>215</sup> Whether farmers were outmaneuvered by business, ambivalent about the income tax, or less focused on replacing rather than reducing taxes, farmers alone could not tax the rich, and teachers and labor unions were not in a position to help.

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from *Ibid.*, reprinted in *Michigan Education Journal*, 10 (4) (December 1932): 171. Compared to the national average of 3.35 percent of state income spent on schools, Michigan ranked higher.

<sup>213</sup> May 1, 1933 Meeting Minutes, Folder Executive Committee, 1924-1933, Box 25, MSG UM.

<sup>214</sup> "A Tax Objective," *Michigan Farmer*, December 24, 1932, 222-6.

<sup>215</sup> Brody, Michigan Farm Bureau report, 1932.

Established agricultural interests that limited property taxes represented fewer and fewer actual farmers. The State Grange felt pressure from the left as a Farmers Union began holding meetings in Michigan.<sup>216</sup> As Democratic politicians swept the November 8, 1932 election ballot from top to bottom, “most of the rural stalwarts” in the state legislature including a *Michigan Farmer* columnist were “replaced by inexperienced men.”<sup>217</sup> This columnist, a legislator from Ionia County was chairman of the Michigan Farm Bureau’s resolutions committee that rejoiced in the passage of fifteen-mill limitation.<sup>218</sup> Metaphorically describing the work before this new legislature, the farm weekly pictured a “public taxation tree” that must be pruned of dead wood and water sprouts rather than grafted with new fruit.<sup>219</sup> Taxpayers’ pocketbooks, like soil, could sustain only so much.

After the fifteen-mill property tax limitation passed, the Michigan Manufacturers’ Association (MMA) urged members to start taxpayers’ associations with other businesses and farm groups to keep cutting taxes. Nationally, the U. S. Chamber of Commerce shared methods to reduce state and local spending.<sup>220</sup> Michigan manufacturers preferred a state sales tax to an income tax. With the savvy of an experienced and influential lobbyist, the MMA looked ahead to the 1933

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<sup>216</sup> July 24, 1933 Meeting Minutes, Folder Executive Committee, 1924-1933, Box 25, MSG UM.

<sup>217</sup> Stanley M. Powell, “Notes from Ingleside Farm,” *Michigan Farmer*, November 26, 1932, 186-2.

<sup>218</sup> November 9-10, 1933, Resolutions Presented to the Michigan State Farm Bureau Board of Delegates at their 16<sup>th</sup> Annual Meeting, Convention Resolutions November 10, 1931 to November 9, 1944 Folder, Michigan Farm Bureau collection, Archives of Michigan, Lansing, MI.

<sup>219</sup> Burt Wermuth, “ECONOMY---That is the REAL ISSUE,” *Michigan Farmer*, December 10, 1932, 202-2.

<sup>220</sup> During a round table at the U.S. Chamber’s 1933 annual meeting, panelists discussed reducing state and local expenditures, an increasingly common topic at chamber meetings concerned with state sales and income taxes, property tax collection, and municipal debt and credit emergencies.<sup>220</sup> Resolutions Committee, Chamber of Commerce of the United States, Report as Submitted and Adopted by the Twenty-First Annual Meeting, May 5, 1933, 11, Box 64, U.S. Chamber records. A special committee had produced a report on methods to reduce state and local expenditures “so analytical” and “so suggestive” that the U.S. Chamber resolved to put it “immediately in the hands of every organization member.” Former dean of the University of Indiana Law School and former National Commander of the American Legion. Paul V. McNutt, “Public Expenditures,” 61, Minutes of Twenty-Second Annual Meeting, May 2-4, 1934, Box 30, Series I, U.S. Chamber records. At the U. S. Chamber’s 1934 annual meeting, businessmen again discussed Indiana policy, inviting Governor Paul McNutt to speak after the state legislature passed income, sales, and liquor taxes.

legislative session, urging members to help elect legislators, drafting them to run as necessary. If there was no taxpayer group “actively working with your county and city officials to cut budgets and reduce taxes, the members of the MMA should take the lead in forming such a group.”<sup>221</sup> Together, business groups and farm organizations could study budgets, make recommendations, spread information, and lobby legislators. The MMA’s lobbying aims though were more streamlined than farm organizations’ objectives to simplify and eliminate school districts and other government functions. “Now” General Manager John Lovett insisted was “the time to organize and cut.”<sup>222</sup> The *Michigan Farmer* proposed redistricting rural schools to halve their number without making students walk more than two miles one way.<sup>223</sup>

Urban residents pushed populist farmers to defend tax limitation alongside business associations, preserving relationships between organizations lobbying for replacement taxes. The City of Detroit’s corporation council sued the editors of the *Michigan Farmer*, a corporation, for illegally participating in the tax limitation campaign, and listed the Michigan Milk Producers, the Michigan Farm Bureau, the Michigan State Grange, and the Michigan Manufacturers’ Association as co-defendants.<sup>224</sup> The *Michigan Farmer* received offers of legal help and had no intention of “ceas(ing) in our effort to aid the taxpayers of Michigan in their fight for a better tax deal.”<sup>225</sup> The Milk Producers authorized paying up to \$100 for their share of the legal defense. The executive committee of the State Grange voted to appropriate up to \$150.<sup>226</sup> The Grange’s Master Bramble consulted the other defendants about their willingness to finance a defense lawyer.

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<sup>221</sup> John L. Lovett, “Organize and Cut Taxes,” Bulletin No. 1038, December 12, 1932, MMA Bulletins 1931-1932, Box 2, MMA.

<sup>222</sup> John L. Lovett, “Organize and Cut Taxes,” Bulletin No. 1038, December 12, 1932, MMA Bulletins 1931-1932, Box 2, MMA.

<sup>223</sup> Burt Wermuth, “Better Schools at Less Cost,” *Michigan Farmer*, December 24, 1932, 218-2. *Michigan Education Journal* 10 (4): (December 1932): 176. *Michigan Education Journal* 10 (6): (February 1933): 272.

<sup>224</sup> February 3, 1933 Meeting Minutes, Folder Executive Committee, 1924-1933, Box 25, MSG UM.

<sup>225</sup> “Watching for the Papers,” *Michigan Farmer*, December 24, 1932, 222-6.

<sup>226</sup> A Mr. Gittins perhaps. February 3, 1933 Meeting Minutes.

Legislators and judges determined what effect the short and simple fifteen mill tax limitation amendment had. The Property Tax Limitation Act of 1933 set minimum tax rates for counties, school districts, and municipal corporations, and established a county tax commission to allocate the remaining mills under the 1.5 percent or 15 mill limit. The Michigan Supreme Court ruled that an override vote to increase property taxation to up to 5 percent for five years required two-thirds of electors present and voting, not of all electors in the state, to pass. After the state's highest court issued an opinion that municipal corporations were not covered by the limitation, eleven cities voted for fifteen mill tax limitation, and nine against.<sup>227</sup> Detroit never adopted fifteen mill limitation, but its school district regularly negotiated for a share of the Wayne County Tax Commission's fifteen mills. Real estate valuations increased more in cities under the fifteen mill limitation than those outside it.<sup>228</sup>



Fig. The Michigan Education Association's cartoon reaction to the passage of tax limitation captured labor's support and teacher's leading role.<sup>229</sup>

Within months of tax limitation's passage, the Michigan Education Association campaigned for new school taxes with a seven-phase public relations program including a petition to the governor and state legislators, a weekly radio program on Detroit stations, printed materials on school costs and taxes, a newspaper on education bills, an information service for the press, and

<sup>227</sup> Norrix, 1942.

<sup>228</sup> Norrix, *Effects of Over-all Property Tax Limitation*, 174.

<sup>229</sup> *Michigan Education Journal* 10 (4): (December 1932): 176. *Michigan Education Journal* 10 (6): (February 1933): 272.

cooperation with community and teacher organizations.<sup>230</sup> The approximately-fifty thousand member Michigan Congress of Parents and Teachers committed to a program of public relations for 1933. By the end of January 1933, most counties had held a meeting about education funding, and six hundred school board members, taxpayers, and teachers had met in Detroit.<sup>231</sup>

Statewide organizations including the Michigan Federation of Labor and a variety of women's, service, and parents' groups called a Citizens' Conference on the Crisis in Education for the next month.<sup>232</sup> The president of the Michigan Federation of Labor reminded readers of the Michigan Education Association's magazine that organized labor supported "almost every measure enlarging the usefulness of public schools which has been approved by progressive educators."<sup>233</sup> A national conference had been held in Washington, D.C. in the first days of the new year. Rather than a depression necessity, the school emergency resulted from an uninformed public and selfish interests advocating "false economy at the expense of children."<sup>234</sup> The crisis was nearer than conference planners knew. The Michigan Education Association's Legislation Committee voted to postpone its Citizens' Conference on the Crisis in Education when Detroit banks closed the day before the conference.<sup>235</sup> Four hundred attendees did not receive the message in time, and gathered in Detroit, passing a weak resolution in support of the Michigan governor's school finance plan to earmark revenue from a new sales tax for schools.

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<sup>230</sup> "Seven Phases in Public Relations Program," *Michigan Education Journal* 10 (8) (April 1933): 371.

<sup>231</sup> "The Fight Is On," *Michigan Education Journal* 10 (6) (February 1933): 267.

<sup>232</sup> "Michigan Citizens' Conference on the Crisis in Education," *Michigan Education Journal* 10 (6) (February 1933): 269.

<sup>233</sup> Frank Wade, "Organized Labor Wants Adequate Public Schools," *Michigan Education Journal* 10 (6) (February 1933): 272.

<sup>234</sup> Mrs. David W. Stewart, "Definite Program of Public Relations," *Michigan Education Journal* 11 (1) (September 1933): 20.

<sup>235</sup> "Citizen's Conference Postponed," *Michigan Education Journal* 10 (8) (April 1933): 372.

In the middle of the campaign for replacement school taxes, Detroit, the first big city to close banks, provoked the Michigan Bank Holiday of 1933.<sup>236</sup> School districts' demand deposits were inaccessible, and many schools on the "verge of closing."<sup>237</sup> Donaldson Brown, a member of the General Motors board and chairman of its finance committee, shuttled back and forth between Detroit and New York on the overnight train, negotiating with bankers, politicians, and executives for a week in February 1933. The state legislature granted the executive branch powers to approve bankers' conditions for re-opening banks.<sup>238</sup> Ford Motor Company took over the Guardian Trust Company. General Motors recapitalized the National Bank of Detroit, whose stock it held until the 1940s.<sup>239</sup> General Motors President Alfred Sloan authorized the Michigan Manufacturers' Association to say the automobile company had a purely patriotic motive, and "no desire to remain in the banking business."<sup>240</sup> Detroiters who gained access to their accounts in late March were surely inclined to believe him. Outstate, around \$8 million in school funds remained in banks closed for the rest of the year.<sup>241</sup>

Amidst the financial chaos, farmers struggled to bring the same passion to campaigning for replacement taxes in the state legislature as they did for property tax limitation at the ballot box. Individual granges took varying degrees of action in response to a February 1933 letter from Master Bramble sharing resolutions from a conference of the State Grange and Farm Bureau. The

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<sup>236</sup> John L. Lovett, "The Banking Situation," Bulletin No. 1041, March 4, 1933, MMA Bulletins 1933, Box 2, MMA.

<sup>237</sup> Webster H Pearce to Fellow Teachers, *Michigan Education Journal* 10 (7) (March 1933): 325.

<sup>238</sup> John L. Lovett, "Michigan Law Ready Soon," Bulletin No. 1041, March 4, 1933, MMA Bulletins 1933, Box 2, MMA.

<sup>239</sup> At the end of 1943, GM planned to sell its shares in the National Bank of Detroit, which it had taken over during Michigan's 1933 bank holiday—but the bank's leadership worried about losing GM's stabilizing stake. Morgan Stanley was hired to sell the stock. Donaldson Brown to Policy Committee re Sale of National Bank of Detroit Stock, February 2, 1945, Folder L. (crossed out print title beginning "article written by...") Box 1, Donaldson Brown papers (Accession 1334-III), Manuscripts and Archives, Hagley Library and Museum, Wilmington DE, 19807.

<sup>240</sup> John L. Lovett, "The National Bank of Detroit," Bulletin No. 1042, April 5, 1933, MMA Bulletins 1933, Box 2, MMA.

<sup>241</sup> Editorial, "Last Year's Debts," *Michigan Education Journal* 11 (2) (October 1933): 86.



Batavia Grange of Branch County read Bramble's letter at its February 25th meeting, and passed a motion to draft, sign, and send a resolution in opposition to the sales tax or any other form to state legislators and the governor.<sup>242</sup> In Ottawa County, the Georgetown Grange simply endorsed the resolutions and sent the result to the state senator and representative.<sup>243</sup> In Allegan County, Grangers read Bramble's letter on farm problems and taxation in between planning a dance and a singing contest.<sup>244</sup> In Ionia County, the Ronald Grange lent its hall out for another organization's tax meeting.<sup>245</sup> On the shores of Lake Huron on the state's east coast, Alcona and Iosco Counties appointed a three-person committee to "draw and send our conclusions on tax situation."<sup>246</sup> When the committee concluded its work, grangers circulated petitions for economy in government and against the sales tax.<sup>247</sup> The Bores Grange in Midland County, home of Dow Chemical Company, passed a motion in support of state income taxes.<sup>248</sup>

As the depression deepened, farmers' organizations switched sides in the spring of 1933, joining a coalition with business associations like the Michigan Manufacturers' Association to enact a sales tax. The State Grange "reluctantly consented to the sales tax for a limited time as an emergency measure to raise funds for welfare work and to equalize school costs until revenues can be secured from other sources than real estate."<sup>249</sup> Even though the Michigan Manufacturers' Association split its legislative attention between the National Industrial Recovery Act, passed in June, and state taxation bills, which as late as May had included income taxes, the highly-organized

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<sup>242</sup> February 25, 1933 Meeting Minutes, Branch County Batavia Grange #1 Folder 1, Box 11, MSG MSU.

<sup>243</sup> February 25, 1933 Meeting Minutes, Ottawa County Georgetown Grange #458 Folder 8, Box 70, Michigan State Grange records, 1873-2009, Michigan State University Archives & Historical Collections, East Lansing, MI.

<sup>244</sup> February 18, 1933, 42, Folder 24, Box 2, MSG MSU.

<sup>245</sup> February 25, 1933 Meeting Minutes, Ionia County Ronald #192, Folder 14, Box 72, MSG MSU. Stanley M. Powell, "Ingleside Farm Notes," *Michigan Farmer*, January 23, 1932, 62-10.

<sup>246</sup> Iosco-Alcona Pomona Grange, No. 89 February 22, 1933 Meeting Minutes, Box 34, MSG UM.

<sup>247</sup> March 18, 1933 Meeting Minutes, Box 34, MSG UM.

<sup>248</sup> February 14, 1933 Meeting Minutes, Bores Grange, No. 1181, of Midland County Record Book December 16, 1932 to October 4, 1935, Box 25, MSG UM.

<sup>249</sup> History of the Grange in Michigan," 10.

business lobby was more able to persuade legislators than unpaid teachers and unemployed auto workers. Communist Party organizers who fed the homeless had more pressing concerns than mobilizing for an income tax. By 1933, forty-six percent of non-agricultural workers were unemployed.<sup>250</sup>

Effective July 6, 1933, the state of Michigan levied a three percent tax on sales at retail store counters—that is, on consumer goods. As many Democratic as Republican state legislators voted for the sales tax, suggesting political party did not determine support.<sup>251</sup> More influential, surely, was the Michigan Manufacturers' Association's General Manager, the state's most powerful lobbyist. Michigan's sales tax authorization legislation included an unusual provision to prevent businesses from advertising that they absorbed the tax.<sup>252</sup> If not businesses, then consumers would pay. Farmers were consumers of intermediate goods like seeds, feeds, fertilizers, and farm supplies, which were taxed under the new law.<sup>253</sup> Detroit tax attorney Raymond Berry, who had been campaigning against income and property taxes for years, sued on behalf of buyers of intermediate goods.<sup>254</sup> After a series of court reversals, Michigan businesses successfully lobbied the state legislature to remove the tax on "consumption or use in industrial processing or agricultural producing" in 1935.<sup>255</sup> The Farm Bureau, which sued on behalf of local co-operatives, considered the outcome one of its "most outstanding victories."<sup>256</sup> Businesses and farmers shared credit.

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<sup>250</sup> Ortquist, "Tax Crisis and Politics in Early Depression Michigan."

<sup>251</sup> Hindman, "The Rise and Fall of Wealth Taxation," 566.

<sup>252</sup> Hindman, "The Rise and Fall of Wealth Taxation," 563-4.

<sup>253</sup> Brody, Annual Report, 1933, 9.

<sup>254</sup> Hindman, "The Rise and Fall of Wealth Taxation."

<sup>255</sup> Hindman, "The Rise and Fall of Wealth Taxation." John L. Lovett, "New Sales Tax Law," Bulletin No. 1135, May 24, 1935, MMA Bulletins 1935, Box 2, MMA. Legislation quoted in John L. Lovett, "Purchase Orders and the Sales Tax," Bulletin No. 1142, July 9, 1935, MMA Bulletins 1935, Box 2, MMA.

<sup>256</sup> Resolutions Adopted by the Michigan State Farm Bureau Board of Delegates at their 18<sup>th</sup> Annual Meeting, November 14-15, 1935, 6, Convention Resolutions November 10, 1931 to November 9, 1944 Folder, Michigan Farm Bureau collection, Archives of Michigan, Lansing, MI.

Even after the sales tax passed, the Grange's Master Bramble thought the time was now for a "proper Income Tax." As Bramble noted, even a newspaper publisher like Scripps-Booth was prepared to support a tax that would affect its business. However, in the summer of 1933, the income tax lost by one vote in the state senate. The State Grange rededicated itself to electing rural senators and representatives who supported the income tax. Master Bramble felt "that it would be useless to submit it to a popular vote on account of the propaganda spread by 'Big Business.'"<sup>257</sup> However, by the next fall, that is precisely what happened. When Michigan farmer and teacher organizations split over a 1934 income tax ballot measure, the National Education Association and Farm Bureau affiliates joined with the manufacturers association and General Motors in issuing a statement urging a no vote.<sup>258</sup> Non-union teachers and commercial farmers rejected the income tax prerogatives of union teachers and populist farmers. The voter education campaign "was left entirely in the hands of the Michigan Manufacturers' Association, and the loyal co-operation of its members enabled the voters to have full knowledge in reference to Michigan's Tax problem."<sup>259</sup> The income tax ballot measure failed.

While over-all property tax limitation faded, it left a mark in states across the country. Nevada's five percent statutory over-all property tax limit became constitutional in 1936 but was high enough to preserve school funding. Similarly in California, voters increased the limit on annual school tax growth to five percent; Californians discussed over-all property tax limitation, but only after raising replacement revenue from a sales tax in 1933, and an income tax in 1935.<sup>260</sup>

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<sup>257</sup> October 6, 1933 Meeting Minutes, Folder Executive Committee, 1924-1933, Box 25, MSG UM.

<sup>258</sup> John L. Lovett, "The Constitutional Amendments," Bulletin No. 1115, October 31, 1934, MMA Bulletins 1934, Box 2, MMA.

<sup>259</sup> John L. Lovett, "Tax and Legislative Program for 1935," Bulletin No. 1116, November 13, 1934, MMA Bulletins 1934, Box 2, MMA.

<sup>260</sup> James E. Hartley, Steven M. Sheffrin, and J. David Vasche, "Reform During Crisis: The Transformation of California's Fiscal System During the Great Depression." *The Journal of Economic History* 56, no. 3 (1996): 657-78. The California Teachers Association, with the support of the California Farm Bureau Federation, led the effort.

From 1934 to 1936, over-all limitations were defeated by legislatures in New Jersey, New York, and Illinois, and property tax rate limits failed in Oregon, Colorado, and Georgia.<sup>261</sup> By 1936, property tax limitation had reduced Michigan state revenue by \$50 million, with only \$38 to \$40 million replaced by taxes on retail sales, chain stores, and liquor.<sup>262</sup>

Michigan teachers were unwilling to fight for political influence like teachers in other states. For example, the *Los Angeles Times* editorialized that the “most powerful lobby ever assembled in (California) is that of schoolma’ams.”<sup>263</sup> The California Teachers Association hired help: political consultancy Whitaker and Baxter ran the National Education Association affiliate’s school finance campaigns beginning in the 1930s.<sup>264</sup> By contrast, when the chairman of the Michigan Education Association’s Committee on Lay Leadership asked and answered a series of questions about teachers’ involvement in school finance, the message was suggestion rather than persuasion. “Shall the teacher ‘fight’? Shall she contribute from her meager funds to employ professional lobbyists to work for legislative relief at the state capitol? Shall she become a propagandist?” Answering that the teacher should embed herself in the community, the male committee leader recommended the position of friend and fellow, rather than stranger or propagandist.<sup>265</sup>

The state affiliate of the National Education Association, but not of the labor-aligned American Federation of Teachers, backed a sales tax so long as schools were guaranteed a split of sales tax revenue.<sup>266</sup> However, the amount the legislature appropriated dropped from the \$25

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Irving G. Hendrick, "The Impact of the Great Depression on Public School Support in California," *Southern California Quarterly* 54, no. 2 (1972): 177-95.

<sup>261</sup> Norrix, *Effects of Over-all Property Tax Limitation*, 22.

<sup>262</sup> *Real Estate Tax Limitation*, 17, 108.

<sup>263</sup> Editorial, "Lobbies," *Los Angeles Times*, January 26, 1933.

<sup>264</sup> See Whitaker and Baxter collection at the California State Archive.

<sup>265</sup> Harold Steele, "Give the Public All the Facts—to Encourage SYMPATHETIC LAY LEADERSHIP," *Michigan Education Journal* 10 (8) (April 1933): 374-5.

<sup>266</sup> <

million the education association recommended to \$15 million, and only in the summer of 1934.<sup>267</sup> Still, this sales tax revenue would be nearly half the state's contribution to schools.<sup>268</sup> The legislature appropriated aid for schools from the sales tax for just two years, turning educational lobbying for school aid acts into a high stakes annual activity. As eleven cities added fifteen mill limitation to municipal charters, the state's share of school costs rose from 22 to 41 percent of total spending over the course of the 1930s.<sup>269</sup> However, the state did not fully replace local school property tax revenue lost due to tax limitation. Earmarked school funds from taxes on public utilities fell as dramatically as property taxes—utility companies were taxed in the same way as property. Moreover, the state stopped taxing local property altogether, and redirected its spending to replace this lost revenue rather than to subsidize localities.

Without elastic income tax or earmarked sales tax revenue, Michigan teachers painstakingly assembled a new school finance coalition including farm and business interests every year; thus, the income tax remained out of bounds as annual appropriations took precedence over progressive tax reform. A Michigan Educational Planning Commission, whose Finance Committee included representatives of the Michigan Manufacturers' Association, Farm Bureau, State Grange, Michigan Real Estate Association, and Wholesalers Bureau of the Detroit Board of Commerce surveyed school district costs and recommended the state pay \$25 million from existing revenue sources.<sup>270</sup> Reorganizing as a National Industrial Conference to pass a school aid act in 1935, this group was joined by state agencies, the Oil and Gas Association of Michigan and the

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<sup>267</sup> E. T. Cameron, "State Aid for This Year," *Michigan Education Journal* 11 (1) (September 1933): 14.

<sup>268</sup> The total of \$33 million budgeted for 1933-1934 came from two pre-existing funds, a 1920s equalization fund and a nineteenth-century interest fund, and the new supplemental fund to compensate for lost local property taxes. Editorial, "Distribution of State Aid," *Michigan Education Journal* 11 (3) (November 1933): 135.

<sup>269</sup> 1930-1931 figure from "Public School Costs and Revenues in Michigan," *Michigan Education Journal* 10 (5) (January 1933): 228. Norrix, *Effects of Over-all Property Tax Limitation*, 110.

<sup>270</sup> *Michigan Education Journal* 9 (8) (April 1932): 1072, 1084. John L. Lovett, "Michigan Schools Needs This Help," Bulletin No. 1125, February 26, 1935, MMA Bulletins 1935, Box 2, MMA.

*Michigan Farmer*.<sup>271</sup> The Michigan Education Association's executive director "made a brief statement of appreciation on behalf of the school people for the co-operation of the Conference."<sup>272</sup> The Farm Bureau judged state aid for rural high school students and an equalization formula based on school census "represented more nearly the proposals originally advanced by the Michigan State Farm Bureau than it did those of any other interested organization."<sup>273</sup>

Labor was missing from this school finance coalition because unions opposed taxes that fell heavily on the working class, like those on consumer sales. While twenty states passed sales taxes during the 1930s, twenty-three passed income taxes.<sup>274</sup> Michigan's sales tax erected a high barrier for school finance: with the income tax unconstitutional and the property tax constitutionally limited, the only way to raise revenue was through a tax labor could not stand. Professional teachers and labor unions were often on opposite sides of ballot initiatives to change school finance in the decades after.

## **Conclusion**

Teachers' clubs were so concerned with rural teachers' low salaries they compared their wages to unskilled laborers protected by the National Recovery Act's industrial codes.<sup>275</sup> A committee of teachers from small Michigan cities studied an NRA Code for teachers and urged the Michigan Education Association to sign on.<sup>276</sup> Increasingly desperate for school funds,

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<sup>271</sup> John L. Lovett, "To Study State's Expenses and Taxes," Bulletin No. 1141, July 1, 1935, MMA Bulletins 1935, Box 2, MMA.

<sup>272</sup> E. T. Cameron paraphrased in *Ibid*.

<sup>273</sup> Resolutions Adopted by the Michigan State Farm Bureau Board of Delegates at their 18<sup>th</sup> Annual Meeting, November 14-15, 1935, 7, Convention Resolutions November 10, 1931 to November 9, 1944 Folder, Michigan Farm Bureau collection, Archives of Michigan, Lansing, MI.

<sup>274</sup> These counts include taxes that lasted through the decade. Hindman, "The Rise and Fall of Wealth Taxation."

<sup>275</sup> Robert Granville, "Association Work Reviewed," *Michigan Education Journal* 11 (1) (September 1933): 30.

<sup>276</sup> Robert Granville, "Committee Studying Interrelations of M.E.A. and Its Departments," *Michigan Education Journal* 11 (2) (October 1933): 123.

teachers' clubs quoted labor papers to expose the false consciousness of the "common man" who did "not realize that many heavy taxpayers and groups holding large properties resent educating his children and that they would be glad to avoid this tax and turn his family back toward peasantry and serfdom."<sup>277</sup> The leftist education journal *Social Frontier* advocated reconstructing society through schools, urging progressive teachers to ally with the labor movement.<sup>278</sup>

During the three years union teachers organized underground from 1931 to 1934, professional teachers grew more militant, challenging their education associations from within to find sources of school funding. The Ann Arbor Teachers Club protested the Michigan Education Association Board of Directors' decision to re-elect its executive secretary who "had not kept himself aware of the fact that the legislature was proposing to cut the schools out of their share of the Sales Tax appropriation."<sup>279</sup> By the fall of 1933, the executive secretary was on sick leave.<sup>280</sup> While Ann Arbor teachers led the increasingly radical federation of teachers clubs, the Detroit economics professor whom teacher unionists had supported as president of the rival local education association gained influence, representing teachers' club on the Michigan Education Association Legislation Committee, responsible for school finance.<sup>281</sup> Yet it was precisely during those years 1931 to 1934 that business organizations, the Farm Bureau, and the Grange wrested control of the tax narrative, spread researched facts widely, and developed model legislation that would constrain education.

AFT locals in Detroit, Ann Arbor, Grand Rapids, and Kalamazoo determined they needed their own statewide organization to lobby on school finance, and formed the Michigan Federation

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<sup>277</sup> Foster Lewis, "Tax Relief Makes Strange Bed-Fellows," reprint from *Labor Forum* in *Michigan Education Journal* 11 (2) (October 1933): 110.

<sup>278</sup> Tyack, Lowe, Hansot, *Public Schools in Hard Times*.

<sup>279</sup> E. T. Cameron. <> Archives of Labor and Urban Affairs, Wayne State University, Detroit, MI.

<sup>280</sup> According to a note at the top of the editorials column, *Michigan Education Journal* 11 (2) (October 1933): 86.

<sup>281</sup> E. W. McFarland of Detroit City College. Robert Granville, "Federation Board Meeting," *Michigan Education Journal* 11 (2) (October 1933): 104.

of Teachers in 1935. From the beginning, Michigan Federation of Teachers president and former Detroit teacher Arthur Elder noted that economists recognized the income tax as “the most equitable form of taxation” while unnamed others considered the sales tax “a most vicious form.”<sup>282</sup> While the education association’s willingness to campaign for a guaranteed split of sales taxes for schools throughout the 1940s divided teachers, the Michigan Education Association and Michigan Federation of Teachers joined together to pass a law granting teachers tenure.

By the end of the 1930s, both the American Federation of Labor and the newly formed Congress of Industrial Organizations proposed that income and estate taxes fund schools. As Michigan convened another commission to study taxes, Labor’s Non-Partisan League of Michigan spoke “on behalf of the United Automobile Workers of America and other affiliated unions” in favor of replacing the state sales tax with a graduated income tax.<sup>283</sup> “With the passing of the Tax Limitation Amendment,” labor’s statement to the commission read, “the state education system was seriously imperiled and labor found itself in the position of having to accept the sales tax for the time being.” Labor identified real estate interests as the inspiration for the constitutional amendment, arguing that utilities and large property owners saved much more than homeowners.

As General Motors workers sat down on strike in Flint, and the industrial union movement spread from Michigan across the country, rural interests still had the power to set fiscal rules. Teachers and unionists refusal to recognize the *Michigan Farmer’s* and the Grange’s role in tax policy narrowed the political coalitions available to support taxing the rich. When teachers and farmers lost on the income tax, they lost for a long time. By 1937, nearly half of state tax revenue came from the sales tax. Over the years, taxes on business activities resembled a sales tax that

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<sup>282</sup> ◇ Arthur Elder Papers, Archives of Labor and Urban Affairs, Wayne State University, Detroit, MI.

<sup>283</sup> ◇, Labor’s Non-Partisan League of Michigan, Folder Tax Study Commission (Gov. Murphy’s 1937-38), Arthur Elder Papers, Archives of Labor and Urban Affairs, Wayne State University, Detroit, MI.



could be passed on more than an income tax born by earners. With a consumer sales tax but not an income tax until 1967, Michigan missed the opportunity to directly tax the industrial wealth of the state before companies moved plants to the suburbs and the south.

Detroit's tax cutters represented national business associations and their research bureaus or taxpayers associations at work in other state and local governments. Later, they would become known as "The Sentinels." Building on their policy advocacy work of the 1930s, Chrysler Corporation vice president B. E. Hutchinson and White Star Refining Company president H. B. Earhart spent the 1940s funding and founding free market educational institutions. Lent Upson's successor as director of the Detroit Bureau of Municipal Research, Loren B. Miller, who like the research bureau's accountant went by the nickname "Red," advised the region's business leaders where to donate to stop governments from going into the red.

State property tax limits in place, business conservatives pivoted to campaign for federal income tax limitation beginning in 1938, building organizational and ideological infrastructure along the way. The research movement split from the professionalizing discipline of public administration, and re-branded itself a movement of private citizens representing the likes of Detroit's early depression budget cutters. Researcher Loren B. Miller, who would advise funders of the postwar conservative intellectual movement from his position as Detroit research bureau director, requested details on "Michigan's 15-mill limitation" while on the Dun and Bradstreet bond desk during the Great Depression.<sup>284</sup> The resulting school money cuts, the Detroit Bureau of Governmental Research dismissively judged, were "causing a lot of 'weeping, and wailing and nashing of teeth (sp)', etc."<sup>285</sup>

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<sup>284</sup> Wording, court decisions, covered governmental units, process to include cities, whether debt was included. Red to Mont (J. M. Leonard), February 10, 1935, Folder J-M, Box 40, DBGR.

<sup>285</sup> J. M. Leonard to Loren B. Miller, February 13, 1935, Folder J-M, Box 40, DBGR.

## Ch. 2 The Sentinels: Warnings About Government Spending

Overall property tax limits passed during the early Depression created a fiscal emergency for schools that lasted beyond the economic recovery. Civic coalitions seeking to fund Detroit schools after WWII called themselves “Save our Schools.”<sup>1</sup> The SOS went out to taxpayers in the Arsenal of Democracy burdened by consumer goods rationing and the nationalization of defense plants, which removed valuable industrial property from tax rolls. Conservative Detroit businessmen called themselves the Society of Sentinels, appropriating the acronym to send a different message than the socialist trade unionists in “Save our Schools” or moderate businessmen invested in spending more on urban education. A few years before, the National Labor Relations Board had sanctioned the Society of Sentinels’ founder, trailer manufacturer Harvey Fruehauf, for spying on and firing union workers at the company’s Detroit plant.<sup>2</sup> The Fruehauf case was part of the U.S. Supreme Court ruling that upheld the constitutionality of the Wagner Act, the transformative New Deal labor law. Conservative backlash to the New Deal shaped Detroit school politics when the Sentinels campaigned to reduce taxes and eliminate “unnecessary activities of government.”<sup>3</sup>

The Society of Sentinel’s objectives took a constitutional form: “constitutional restrictions of the present unlimited tax power of the government,” a reference to the campaign to limit federal

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<sup>1</sup> Jeffrey Mirel, *The Rise and Fall of an Urban School System: Detroit, 1907-81* (Ann Arbor, MI: University of Michigan Press, 1992).

<sup>2</sup> In 1935, the NLRB filed an unfair labor practices complaint against Fruehauf for threatening to fire UAW members and organizers, and for hiring a detective to spy on them. Decided the same day as National Labor Relations Board v. Jones & Laughlin Steel Corporation, 301 U. S. 1, the Supreme Court’s Fruehauf opinion upheld the constitutionality of the National Labor Relations Act, or Wagner Act, in 1937. A trailer manufacturer whose products crossed state lines was a good test of the applicability of the U.S. constitution’s interstate commerce clause. National Labor Relations Board v. Fruehauf Trailer Co., 301 U. S. 49.

<sup>3</sup> Historians of conservatism have shown how business conservatives in the south, southwest, and mid-Atlantic shaped twentieth-century social and economic policy but the midwest is largely absent from the literature. Kim Phillips-Fein, “Conservatism: A State of the Field,” *Journal of American History* 98, no. 3 (2011): 723-43.

income taxes to twenty-five percent.<sup>4</sup> While income taxes applied to the masses after the war, the richest paid marginal rates as high as 38 percent on corporate income, and 91 percent on personal income in 1946.<sup>5</sup> Far from farmers' state property tax limitation discussed in Chapter 1 "Tax Slackers," the federal income tax limitation—what trade unions called the "Millionaire's Tax Amendment"—would protect the rich. During the twenty-year campaign to amend the U. S. constitution, courts protected books and pamphlets—and the privacy of the donors who funded them—while restricting direct lobbying. Although businessmen took federal tax cuts in 1961 and 1964, they spent the previous two decades campaigning against federal spending in general and aid to education in particular.<sup>6</sup>

I argue business associations used economic education and everyday ideas for fiscal politics, in addition to public relations and ideological formation.<sup>7</sup> While scholars have described the collapse of the federal aid to education coalition from within, this chapter focuses on external forces.<sup>8</sup> Businessmen wanted schooling but they wanted less, and to pay less, than teachers thought they should. Most of all, business associations wanted education by donation, not taxation.<sup>9</sup> Alongside the National Association of Manufacturers (NAM), the U.S. Chamber of Commerce

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<sup>4</sup> <I will include a discussion of optimal tax theory in the next revision.> F.P. Ramsey, "A contribution to the theory of taxation," *Economic Journal* 37 no. 145 (1927): 47–61. The Society also supported voluntary agreements with workers and opposition to "class legislation" like the Wagner Act. Flyer attached to Loren Miller to Jasper E. Crane, November 19, 1945, Folder Miller, Loren 1945-1946, Box 51, Jasper Crane papers (Acc. 1416), Manuscripts and Archives, Hagley Library and Archive, Wilmington, DE 19807 hereafter JEC papers.

<sup>5</sup> From 1950 through 1964, marginal corporate income tax rates were 52 percent. However, since personal income tax rates were higher, businessmen could shift income to corporations to pay less. W. Elliot Brownlee, *Federal Taxation in America: A History* (New York: Cambridge University Press, 1996).

<sup>6</sup> Associated conservative groups like the National Economic Council and Spiritual Mobilization also opposed federal aid to education.

<sup>7</sup> Elizabeth A. Fones-Wolf, *Selling Free Enterprise: The Business Assault on Labor and Liberalism, 1945-60* (Urbana: University of Illinois Press, 1994).

<sup>8</sup> Gilbert E. Smith, *The Limits of Reform Politics and Federal Aid to Education, 1937-1950* (New York: Garland Publishing, 1982).

<sup>9</sup> See Sanford Jacoby on welfare capitalism and Jennifer Klein on the public-private welfare state in healthcare. Sanford M. Jacoby, *Modern Manors: Welfare Capitalism since the New Deal* (Princeton, NJ: Princeton University Press, 1997). Jennifer Klein, *For All These Rights: Business, Labor, and the Shaping of America's Public-Private Welfare State* (Princeton, NJ: Princeton University Press, 2003).

supported voluntary alternatives to federal aid: company contributions to private colleges and universities and to the development of curriculum for primary and secondary schools, in addition to bank-financed school construction.<sup>10</sup>

Business conservatives believed a mechanism in the fall from freedom to slavery or from democracy to dictatorship was public sector union control of what was taught in school and how much it cost.<sup>11</sup> To share their beliefs, business conservatives compared public spending to slavery, tyranny, and theft in the context of municipal unemployment relief during the early Great Depression and a post-WWII strike wave that included public sector workers. Set into action during the long campaign for a constitutional limit on federal taxation, and conceptualized as public choice theory during the 1960s, the next generation of tax limiters revived ideas about the destructive effects of government spending during 1970s debates about state constitutional limits, the subject of Ch. 5 “Don’t Spend It Faster Than I Can Make It” and Ch. 6 “Model Legislation.”

This chapter is about who decided what was an issue, and how they taught their ideas, while the rest of the dissertation is about political power as voting and agenda setting—who decided what issues went on the ballot, legislative calendar, court docket, and convention agenda.<sup>12</sup> Ideas about government spending mattered when businessmen put them into action. Perhaps Detroit and Los Angeles businessmen read the NAM’s pamphlet “You are a ‘Sentinel’ for private enterprise,” which urged a “personal evangelistic spirit”—personal time, effort, conviction, and belief—which enabled “a handful of zealous people to make an impression far beyond their actual

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<sup>10</sup> In 1947, the U.S. Chamber of Commerce publicly announced its opposition to federal aid to education. Smith, *The Limits of Reform Politics*. See Fones-Wolf, *Selling Free Enterprise*, 195 on businessmen’s opinion that the academic independence of private colleges and universities was necessary to preserve free enterprise.

<sup>11</sup> While historian Lawrence Glickman found that “apostles of free enterprise” made these comparisons from the 1950s to the 1970s, earlier warnings about government spending were about public education, in addition to the New Deal. Glickman, *Free Enterprise*, Ch. 8 “From Public Spending to ‘Entitlements’”.

<sup>12</sup> Here I reference the political science literature on faces of power, in particular John Gaventa, *Power and Powerlessness: Quiescence and Rebellion in an Appalachian Valley* (Urbana-Champaign, IL: University of Illinois Press, 1982) on hegemony and ideology.

importance...or beyond what money will buy.”<sup>13</sup> NAM had observed as much in the radicals, “pinks,” and economic planners. Business leaders could not pay to protect private or free enterprise; they needed to proselytize.

At the same time, business educators like Leonard Read tried to pry businessmen away from NAM and its insular defense of capitalism towards new ideological institutions for economic education. While the Los Angeles Chamber of Commerce’s publication *The Economic Sentinel* carried the byline “That works of merit may have a larger audience,” it took Read, who was also the chamber’s director, opening the Foundation for Economic Education in 1946 to reach a mass audience. Pairing the well-documented history of business conservatism in Los Angeles with Detroit’s lesser-known role emphasizes continuities in economic thought about the perils of government spending before and after the New Deal.<sup>14</sup>

Detroit’s Society of Sentinels founder Harvey Fruehauf was also a trustee of the Detroit Bureau of Governmental Research under its new director, an advisor to the businessmen who funded the postwar conservative intellectual movement.<sup>15</sup> While Ford Motor Company backed the moderate Committee for Economic Development, and launched the liberal Ford Foundation in its image, Detroit’s other two big automakers Chrysler and General Motors remained on the right.<sup>16</sup> By reconstructing the deep involvement of Detroit executives and experts in establishing economic education after the war, I show how difficult the fight for economic security was between the Wagner Act and Taft-Hartley, shifting historians of Detroit’s focus from flaws in liberalism and

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<sup>13</sup> Folder 100T Free Enterprise N.A.M. 1938-49, Box 66, NAM.

<sup>14</sup> Kim Phillips-Fein, *Invisible Hands: The Making of the Conservative Movement from the New Deal to Reagan* (New York: W.W. Norton & Company, 2009).

<sup>15</sup> See letterhead, for example, Loren Miller to Mr. Crane, June 11, 1947, Folder Miller, Loren 1947-1950, Box 51, JEC papers.

<sup>16</sup> The Ford Foundation began disbursing grants under the watch of Henry Ford II, not his grandfather Henry Ford. While the Ford Foundation board included some of the business conservatives discussed in this chapter during the 1950s, the foundation’s programs increasingly drew on social science more compatible with liberalism over time.

struggles between leftists.<sup>17</sup> Even if solidarity had triumphed over sexism in the home, and over racism in the neighborhood and workplace, in a union town like Detroit, conservatives would have suppressed labor ideas and spread anti-unionism and anti-Keynesianism. Automakers signed opposed the labor movement's priorities in the public sphere first by sharing a program of economic education, then by shutting down labor education. Forced out of the realm of ideas, labor competed in the political and judicial system. As Part II shows, labor politics and lawsuits struggled to change state fiscal structures.

The first section describes business critiques of textbooks and introduces actors. The second section shows how pre-New Deal research bureaus and taxpayers associations, in addition to business associations and post-WWII neoliberal institutions, shaped a new program of economic education. The third section traces a genealogy of old ideas about government spending repackaged by these institutions to constitutionally limit taxation. The fourth section adds conflict over labor education to the Cold War narrative of political repression.<sup>18</sup>

### **Business Critiques of Textbooks and the Search for “Sound Economics”**

Writing to a popular economic educator, the retired chemical company executive and prolific funder of conservative causes Jasper Crane looked to education as the arena for struggle

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<sup>17</sup> Thomas Sugrue's history of the origins of Detroit's urban crisis begins in racially segregated 1940s auto plants. Nelson Lichtenstein recovered concurrent civil rights unionism as fair employment practices spread through cities and unions under Black leadership while critiquing the UAW for compromising away and suppressing rank-and-file militancy. Yet, the history of conservatism has not considered the Detroit area in this pivotal era. Thomas J. Sugrue, *The Origins of the Urban Crisis: Race and Inequality in Postwar Detroit* (Princeton, NJ: Princeton University Press, 1996). Robert Korstad and Nelson Lichtenstein, "Opportunities Found and Lost: Labor, Radicals, and the Early Civil Rights Movement," *The Journal of American History* 75, no. 3 (1988): 786-811. Nelson Lichtenstein, *The Most Dangerous Man in Detroit: Walter Reuther and the Fate of American Labor* (New York, NY: Basic Books, 1995).

<sup>18</sup> Landon R. Y. Storrs, *The Second Red Scare and the Unmaking of the New Deal Left* (Princeton, NJ: Princeton University Press, 2013). Ellen Schrecker, *Many Are the Crimes: McCarthyism in America* (Boston, MA: Little, Brown and Company, 1998).

over slavery and freedom.<sup>19</sup> If educators and thought leaders accepted “sound economics,” they would tell truth to the people. In addition to an idea and a discourse, free enterprise was a lesson and a practice; it was *taught*. Historical figures familiar to readers of Elizabeth Fones-Wolf and Kim Phillips-Fein intervened in textbook debates to influence teachers’ and professors’ lessons on capitalism. Social studies critics such as Jasper Crane, Loren Miller, and NAM leader Henning Prentis Jr., in addition to free enterprise textbook promoters Raymond C. Hoiles and B. E. Hutchinson, were architects of an alternative curriculum, a program of economic education.

One of NAM’s anti-union “Brass Hats,” Henning W. Prentis, Jr., president of the Armstrong Cork Company of Pittsburgh, PA urged manufacturers to take up their citizenship duties alongside their management ones as industrial statesmen.<sup>20</sup> Under Prentis’s leadership during the Great Depression, NAM ran the multimedia public relations campaign the “Tripod of Freedom” to convince Americans their freedom rested on representative democracy, civil and religious liberty, and “free private enterprise.”<sup>21</sup> Answering his own question “What can I do,” Prentis first proposed that businessmen learn political philosophy, then get active in politics, and donate to civic and industrial organizations.<sup>22</sup> Prentis feared 30 million K-12 students in early 1940s public schools, the next generation’s voters, “would be easy prey for the demagogue” unless

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<sup>19</sup> Crane’s investment in religious mobilization alongside J. Howard Pew and in social theory alongside Harold Luhnow have been well-documented. See Kim Phillips-Fein’s *Invisible Hands* and essay in the Mirowski edited collection *The Road From Mont Pèlerin*. Jasper Crane to Fred G. Clark, December 15, 1967, American Economic Foundation 1966-1969, Box 2, Jasper E. Crane papers.

<sup>20</sup> The Brass Hats began as a dinner club in Detroit, then New York. Richard S. Tedlow, "The National Association of Manufacturers and Public Relations During the New Deal," *Business History Review* 50, no. 1 (1976): 25-45.

<sup>21</sup> Ibid, Footnote 29. Wendy Wall, *Inventing the ‘American Way’: The Politics of Consensus from the New Deal to the Civil Rights Movement* (New York: Oxford University Press, 2008). Prentis believed ethical businessmen could improve their employees’ working conditions and quality of life through enlightened leadership and social stewardship. H. W. Prentis, *The Faith of our Fathers: the Hope of America's Future* (New York: National Association of Manufacturers, 1941).

<sup>22</sup> H. W. Prentis and the Chamber of Commerce of the United States of America *Our American Heritage* (Washington, D.C.: Chamber of Commerce of the U.S., 1939).

they knew principles of the American republic.<sup>23</sup> Teachers had a role in “Counteracting the Union Influence” as one NAM pamphlet had it.

NAM wanted to stop the trend of teacher unionization, which bred sympathy with organized labor by presenting the “management story” and giving “positive proof of management's interest in the teacher's welfare.”<sup>24</sup> NAM found that when management protested school construction or “the upgrading of teachers’ salaries to a just level,” there could be no common interest or mutual confidence between industry and education.<sup>25</sup> In 1941, NAM’s annual Congress of American Industry declared support for “reasonable financial support” for public education, to be “a necessary claim upon our American society to which other public services of lesser value should be subordinated.”<sup>26</sup> NAM did not define how much money was reasonable, or what services were lesser.

The NEA joined NAM’s Department of Group Relations on a countrywide tour in the early 1940s to promote management-teacher cooperation. AFT leaders agonized over whether to even meet with business leaders as antiunion as the NAM’s.<sup>27</sup> Receiving no reply to his entreaties, NAM’s director of Group Relations dropped by the AFT’s Chicago headquarters unannounced to invite teacher union leaders to hold a joint event.<sup>28</sup> The NEA but not AFT participated in 45 regional meetings and more than 250 community group discussions. Rather than federal aid to education, however, the topic was what training and attitudes business wanted schools to teach.<sup>29</sup> The president of the Detroit Federation of Teachers who attended a “love feast” for school and

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<sup>23</sup> Prentis, 1943 cited in Fones-Wolf, *Selling Free Enterprise*, 200.

<sup>24</sup> Committee--Cooperation with Education 1945, Report, 24, <> NAM.

<sup>25</sup> *Ibid.*, 29.

<sup>26</sup> Committee--Cooperation with Education 1945, Report, 22, <> NAM.

<sup>27</sup> John Fewkes, AFT’s President.

<sup>28</sup> Henry Abt, NAM’s Director of Group Relations office visited the AFT. Committee on Education Cooperation, 1941, Box 274, Series I, NAM.

<sup>29</sup> Fones-Wolf, *Selling Free Enterprise*, 200.



business representatives reported that spokesmen for businessmen relentlessly criticized schools.<sup>30</sup> The American Federation of Teachers' tax expert and labor educator Arthur Elder thought the NEA-NAM conferences would be "productive of little good."

Prentis and NAM objected to the new K-12 curriculum of social studies written by a "host of puny iconoclasts, who destroy since they cannot build."<sup>31</sup> In Prentis's interpretation of American history, institutions were free, and the country was a republic, not a democracy. Beginning at the end of the 1930s, NAM's Department of Group Relations had asked schools, churches, and farm organizations to teach free enterprise.<sup>32</sup> At the beginning of the 1940s, as many as half of United States middle schoolers learned a different lesson from Teachers College professor Harold Rugg's ambitious social studies text *Man and his Changing Society*. Rugg, who thought schools could reconstruct society, used issues and problems from students' lives to introduce critiques of business practices like advertising and of the economic interests of U. S. constitution drafters.<sup>33</sup> Although challenging to teach from, Rugg's textbook was the best-selling work of social studies in the 1930s. However, sales of *Man and his Changing Society* fell precipitously after the American Legion and NAM alleged the textbook was anti-American in 1941. Rugg identified these attacks as a pattern in the history of education: when progressives had power in government and education, they became targets of reaction.<sup>34</sup>

Business conservatives' complaints to university administrators also changed economics curriculum, as the controversy over the first textbook to bring Keynes to introductory economics

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<sup>30</sup> Arthur A. Elder to Abraham Lefkowitz, October 3, 1942, Folder AFL Taxation and School Finance, Box 17, AE papers.

<sup>31</sup> Prentis quoted in Elizabeth A. Fones-Wolf, *Selling Free Enterprise: The Business Assault on Labor and Liberalism, 1945-60* (Urbana, IL: University of Illinois Press, 1994): 191.

<sup>32</sup> The Robey Report instigated this response.

<sup>33</sup> For example, Charles Beard. Ronald W. Evans, *The Social Studies Wars: What Should We Teach the Children?* (New York: Teachers College Press, 2004).

<sup>34</sup> David B. Tyack, Robert Lowe, and Elisabeth Hansot *Public Schools in Hard Times: The Great Depression and Recent Years* (Cambridge, MA.: Harvard University Press, 1984).

demonstrates.<sup>35</sup> Conservative author Rose Wilder Lane reviewed Lorie Tarshis' *The Elements of Economics: An Introduction to the Theory of Price and Employment*, for Merwin K. Hart's National Economic Council in 1947.<sup>36</sup> Hart, an executive at cereal manufacturer Cream of Wheat, was later marginalized for his alleged fascism and accepted anti-Semitism but funded at the time by Lamont du Pont, then the chairman of Du Pont and General Motors.<sup>37</sup> Frank Gannett, owner of the New York-based newspaper chain and chairman of the committee campaigning to constitutionally limit federal income taxes, wrote the Cornell University provost to complain that college courses used the Tarshis text.<sup>38</sup> The director of the Detroit Bureau of Municipal Research, an adviser to funders of the conservative intellectual movement, tried to deliver a copy of Tarshis to Henry Ford through the research bureau's president, a Ford Motor Company and Ford family attorney, "just hoping it might jar him, or at least contribute to an awakening."<sup>39</sup>

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<sup>35</sup> A professor at first Tufts College then Stanford University, Tarshis had studied under the Cambridge don. After a course of collective study, six Harvard economists and Tarshis published *An Economic Program for American Democracy* in 1937. Richard V. Gilbert, George H. Hildebrand, Arthur W. Stuart, Maxine Yapple Sweezy, Paul M. Sweezy, Lorie Tarshis and John D. Wilson, *An Economic Program for American Democracy* (New York: The Vanguard Press, 1938). Tarshis implied that full employment was economically logical for production-maximizing businesses who should protect both capital and labor against depreciation but required the government to protect workers' right to organize labor unions. O. F. Hamouda and B. B. Price, "Introduction" in *Keynesianism and the Keynesian Revolution in America*, xv-xxxix. The controversy lasted for years: William F. Buckley, Jr. dissected Tarshis's text in his critique of liberalism and secularism in the universities, *God and Man at Yale*. William F. Buckley, Jr., *God and Man at Yale* (Chicago, IL: Henry Regnery Company, 1951).

<sup>36</sup> Paul Samuelson, "Requiem for the classic Tarshis textbook that first brought Keynes to introductory economics" in *Keynesianism and the Keynesian Revolution in America: A Memorial Volume in Honour of Lorie Tarshis* eds. O. F. Hamouda and B. B. Price (Northampton, MA: Edward Elgar, 1998): 53-58. Irwin Collier, "M.I.T. Wingnut Inspiration for Du Pont's Crusade Against Paul Samuelson's Textbook, 1947," *Economics in the Rear View Mirror*, <http://www.irwincollier.com/m-i-t-wingnut-inspiration-for-du-ponts-crusade-against-paul-samuels-sons-textbook-1947/> accessed February 1, 2021.

<sup>37</sup> Samuelson interviewed in August 1986 in "Paul Anthony Samuelson (b. 1915)" in *The Coming of Keynesianism to America: Conversations with the Founders of Keynesian Economics*, ed. David C. Colander and Harry Landreth (Brookfield, VT: E. Elgar, 1996). On Hart see Sandra J. Peart, David M. Levy and Margaret Albert, "Economic Liberals as Quasi-Public Intellectuals: The Democratic Dimension" in Marianne Johnson ed. *Documents on Government and the Economy* 30 no. 2 (2012), 1-116.

<sup>38</sup> The Committee for Constitutional Government. See Ch. 2 "The Sentinels: Warnings About Government Spending" of my dissertation "Tax the Rich: Teachers' Long Campaign to Fund Public Schools."

<sup>39</sup> Loren Miller to Jasper E. Crane, July 3, 1947, Folder Miller, Loren 1947-1950, Box 51, Jasper E. Crane papers (Acc. 1416), Manuscripts and Archives, Hagley Library and Archive, Wilmington, DE 19807.

Business conservatives shrank the mass audience of Lorie Tarshis but not the specialist audience of Paul Samuelson. Tarshis was poised for professional and public influence as he accepted a position at Stanford University and published “An Exposition of Keynesian Economics” in the discipline’s leading journal, the *American Economic Review*.<sup>40</sup> Sales of Tarshis’s textbook plummeted while another Keynesian economist in the academy, Paul Samuelson, went on to win the Nobel prize in economics, and his textbook to be published in twenty editions and counting. Samuelson had written carefully, lawyerly but was still accused of “playing peek-a-boo with the Commies,” in his words.<sup>41</sup> For its difficulty and complexity, Samuelson’s work much like Keynes’ before him, launched a scholarship of interpretation in university economics departments but lacked the popular appeal of Tarshis. Still, Lamot du Pont had believed MIT economist Paul Samuelson’s forthcoming textbook *Economics* to be a milder but still dangerous form of Keynesianism than Tarshis’s and lobbied the president of his alma mater MIT to drop Samuelson.<sup>42</sup> Criticism of his and Tarshis’s books, Samuelson thought, did not “reflect well on conservative business pressuring of colleges.”

A new business association, the Committee for Economic Development (CED) aimed to bring social scientists together with executives to conduct economic research.<sup>43</sup> An extension of the federal government’s Business Advisory Council’s “post-armament” economic planning, the CED began recruiting the prior summer when a University of Chicago vice president and trustee secured research funding from the U.S. Department of Commerce.<sup>44</sup> From the start, NAM “Brass

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<sup>40</sup> Lorie Tarshis, "An Exposition of Keynesian Economics," *The American Economic Review* 38, no. 2 (1948): 261-72.

<sup>41</sup> Samuelson interview in in *The Coming of Keynesianism to America*.

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<sup>43</sup> Walter Williams speech to the CED, November 17, 1949, Waldorf-Astoria, Folder 10, Box ◇, DKD.

<sup>44</sup> The CED formed in 1942 to convert the war economy to private ownership while avoiding mass unemployment. University of Chicago vice president William Benton and trustee Paul Hoffman, the president of Studebaker Motors of South Bend, Indiana, were early organizers. Collins, “Patterns of Positive Business Response,” *The Business Response to Keynes*.

Hats” like Armstrong Cork’s Henning Prentis and isolationists like Sears, Roebuck & Company’s General Robert Wood were invited to join the CED, as were conservative General Motors and General Electric executives. However, the CED accommodated Keynesian spending and progressive taxation, and in its early years, the commissioned reports by tax expert Harold Groves, a favorite of the labor movement.<sup>45</sup> In the race to produce postwar tax studies, the CED rejected Herbert Stein’s National Bureau of Economic Research paper as too conservative because it argued against government spending to create purchasing power, graduated tax rates, and supported reducing inflation over unemployment.<sup>46</sup> As of 1944, the CED position was flexible monetary policy and a fiscal policy of automatic stabilization, with personal income taxes at the center, and lower excise, sales, and corporate taxes.<sup>47</sup> Human capital theorists affiliated with the CED argued that increased state and local taxes would yield a return when invested in skills and knowledge.<sup>48</sup>

The CED distinguished its school curriculum developed with teachers from the educational material for companies other business associations promoted in schools.<sup>49</sup> A University of Chicago trustee and early CED organizer aimed to “raise the whole level of economic literacy,” which was the only way to “develop effective support in this country for sound economic programs.”<sup>50</sup> The dean of the Harvard Business School, a CED member, thought that if “new

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<sup>45</sup> New Deal economists including Gardner Cowles sat on the CED Research Committee that commissioned reports from New Deal critics like Henry C. Simons on “Federal Tax Reform” and William Vickrey on the “Incidence of Taxation.” University of Chicago economist Jacob Viner reviewed CED reports in the *New York Times*. The CED commissioned a second Groves report to keep up with tax the Tax Foundation’s and the U. S. Congress’s Knutson committee’s proposed tax cuts. CED Minutes of the Executive Sessions of the Research and Policy Committee, June 24, 1947, Waldorf-Astoria, New York, Folder 10, DKD.

<sup>46</sup> Herbert Stein’s spring 1947 report “Fiscal policy: federal taxation and expenditures,” CED Minutes of the Executive Sessions of the Research Committee, July 10, The Lodge, Smuggler’s Notch, Vermont, Folder 10, DKD.

<sup>47</sup> Collins, *The Business Response to Keynes*.

<sup>48</sup> The CED and Abrams made this argument in the late 1940s. Fones-Wolf, *Selling Free Enterprise*.

<sup>49</sup> For example, the American Economic Foundation’s “How We Live in America” and NAM’s “How Our Business System Operates.”

<sup>50</sup> Hoffman quoted in CED Minutes of Meeting of Board of Trustees and Regional Chairman, September 22-23, 1944, Homestead Hotel, Hot Springs, Virginia, 14, Folder 6, Box <, Donald K. David Papers, Baker Library, Harvard University, Cambridge, MA (hereafter DKD).

honest knowledge” were “disseminated intelligently” to professors of business and economics, and to teachers of social studies, then “the attacks—the violent attacks—upon private enterprise in this country” would end.<sup>51</sup> When the CED’s Joint Council for Economic Education held workshops between educators, business leaders, and university and foundation researchers to bring “economic understanding into the public schools,” a minor controversy emerged over whether business and labor should be on the same program.<sup>52</sup> Teacher consultation was different than teacher control. When the CED debated adding a board member from “the high school level,” the board considered a National Education Association leader, a big city schools superintendent, and professors of education.<sup>53</sup> Instead, the committee added university presidents, who were often business leaders, and publishers.<sup>54</sup> The recently retired U.S. Commissioner of Education Dr. John Studebaker recommended that business executives and managers ask boards of education and school administrations why economics was not a required course.<sup>55</sup>

By the early 1950s, secondary schools had access to a new economics textbook that taught free enterprise. Dr. Studebaker himself commented on and shared the manuscript of Foundation for Economic Education economist Fred Fairchild’s secondary school textbook *Understanding Our Free Economy* a “straight-forward portrayal of those economic principles which relate to the free economy.”<sup>56</sup> A tax expert who consulted for the insurance industry, chambers of commerce, and manufacturers associations, the Yale professor Fred Fairchild sat on the U.S. Chamber’s

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<sup>51</sup> Donald K. David quoted at a CED luncheon, “New York Speech,” July 12, 1946, Folder 2, DKD.

<sup>52</sup> ⇨ Baker of NYU quoted in CED Minutes of the Meeting of Board of Trustees, November 17, 1949, Waldorf-Astoria, New York, 24, Folder 10, Box ⇨, DKD.

<sup>53</sup> CED Minutes of Meeting of Special Committee to Consider the Future of CED, March 29, 1946, Waldorf-Astoria, Folder 9, DKD. CED Minutes of the Executive Session of the Research and Policy Committee, September 20, 1946, Statler Hotel, Washington, D.C., Folder 10, DKD.

<sup>54</sup> Folder 10, DKD.

<sup>55</sup> Dr. John Studebaker. CED Minutes of the Meeting of Board of Trustees, November 17, 1949, Waldorf-Astoria, New York, Folder 10, DKD.

<sup>56</sup> Fred Rogers Fairchild in collaboration with Thomas J. Shelley, *Understanding Our Free Economy: An Introduction to Economics* (New York: D. Van Nostrand Company, Inc., 1952): v.

Committee on Federal Finance during the 1930s and NAM's National Industrial Conference Board's Economic Advisory Council during the 1940s.<sup>57</sup> Writing with a high school teacher from research collected by a Foundation for EE employee, Fairchild rebutted Lorie Tarshis in *Understanding Our Free Economy*, first published in 1952 and in updated editions for the next decade.<sup>58</sup> In a concluding chapter on supergovernment, Fairchild worried that freedom would not survive a government with unlimited power to seize wealth and incomes. The textbook posed problems for students like "Karl Marx expressed the opinion that abuse of the graduated income tax would destroy Western democracy. Is there probability of this result occurring? In what ways could it be prevented?"<sup>59</sup>

Foundation for Economic Education readers and trustees promoted *Understanding Our Free Economy* for use in the public schools. Southern California newspaperman Raymond C. Hoiles found Fairchild's book to be the best on civics he had read, and offered to help "get this book into the public high schools."<sup>60</sup> Hoiles, who hoped "free enterprise would eliminate tax supported schools," had been searching for works to replace Frank Magruder's *American Government*. Foundation for Economic Education trustee and Chrysler vice president B. E. Hutchinson recommended Fairchild's textbook to the head of a college preparatory high school in Grosse Pointe, MI, home to many wealthy auto executives.<sup>61</sup> Despite a legal requirement for Houston schools to purchase state-approved books, a business admirer secured an order for 300 copies of Fairchild's unapproved textbook.<sup>62</sup> Fairchild separated his work from what he perceived to be

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<sup>57</sup> Collins, "Precious Room for Maneuver," *The Business Response to Keynes*. Folder Programs of meetings addressed 1921-49, Box 17, Fairchild papers.

<sup>58</sup> FEE's Richard "Dick" Cornuelle had previously worked for the National Industrial Conference Board and would later work for the Volker Fund.

<sup>59</sup> *Ibid.*, 570.

<sup>60</sup> Folder Understanding Our Free Economy Promotion 1951-1952 Jul, Box 22, Fairchild papers.

<sup>61</sup> Folder Understanding Our Free Economy Promotion 1951-1952 August-September, Box 22, Fairchild papers.

<sup>62</sup> D. Van Nostrand, Folder Understanding Our Free Economy Promotion 1951-1952 August-September, Box 22, Fairchild papers.

propaganda to keep his textbook in the schools: if *Understanding Our Free Economy* was “regarded as favorable to free enterprise,” it was “because that is the way the truth points.”<sup>63</sup>

Leaders of teachers’ two organizations the AFT and NEA also published social studies textbooks. New York social studies teacher, and future American Federation of Teachers president, Charles Cogen co-authored the textbook *Economics in Our Democracy*. A few years earlier, McGraw-Hill published *Economic Roads for American Democracy* by a department of the National Education Association.<sup>64</sup> The McGraw-Hill Publishing Company was at the center of the transformation of the business press from specialty industry and trade association outlets to general audience publications.<sup>66</sup> McGraw-Hill published many Committee for Economic Development reports, including economist (and AFT member) Harold Groves’ “Production, Jobs and Taxes,” and distributed its books and tax policy statements widely.<sup>67</sup> That teachers’ textbooks were published by McGraw-Hill indicates how mainstream their ideas were. However, conservative correspondents Jasper Crane and Loren Miller were furious that the NEA’s McGraw-Hill textbook presented economic systems other than capitalism as compatible with democracy.<sup>68</sup>

## The Origins of Economic Education in Municipal Research

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<sup>63</sup> Fairchild refused the Committee for Constitutional Government’s request to excerpt his textbook in its Spotlight publication in the wake of the Buchanan committee hearing and the jailing of the committee’s executive secretary. Fairchild told the Committee for Constitutional Government’s executive secretary that they were “simply following separate paths toward the same goal.” <

<sup>64</sup> Loren Miller to Jasper E. Crane, July 3, 1947, Folder Miller, Loren 1947-1950, Box 51, JEC papers.

<sup>65</sup> McGraw-Hill’s offering at the time was *Economics For Our Times* by Augustus H. Smith, a similar textbook with more calculations and diagrams.

<sup>66</sup> Just before the stock market crash of 1929, McGraw-Hill launched the magazine *Business Week*, which would incorporate reporting from a growing number of correspondents. The economist Dexter Keezer later established an economics department at McGraw-Hill to conduct market research and source economics books. Dexter Merriam Keezer and Harlan B. Phillips, “Reminiscences of Dexter Merriam Keezer,” 1955, Rare Book & Manuscript Library, Columbia University.

<sup>67</sup> Ibid. CED Detailed Discussion Notes, Joint Meeting of the Research Committee and Research Advisory Board, January 20-21, 1945, Waldorf-Astoria, Folder 7, Box <, DKD.

<sup>68</sup> Loren Miller to Jasper E. Crane, July 3, 1947, Folder Miller, Loren 1947-1950, Box 51, JEC papers.

**“For industry as a whole to ballyhoo or ‘sell’ free enterprise is, to my notion, just a stupid waste of money. For one thing, it leaves no deposit of knowledge. But most of all, it just can’t be done. So long as I can pick up a paper almost any day of the week and find either individual industries or industrial groups who obviously do not believe in free enterprise as proved by their own actions and statements, any such program is just plain futile.”<sup>69</sup>**  
Loren Miller to Jasper E. Crane, January 30, 1948.

Economic education was a mid-century defense of capitalism, an update of business leaders’ early twentieth-century program to prepare the public for industrial society. Skeptical that NAM could change public attitudes towards business without improving businesses from within, itinerant researcher Loren B. “Red” Miller took over the Detroit Bureau of Governmental Research and directed businessmen’s investments to new institutions of economic education in the mid-1940s.<sup>70</sup> Miller’s connections and convictions led a *Reason* magazine editor to call the researcher the “Ur-source” for the funding of American libertarianism.<sup>71</sup> Miller introduced Friedrich Hayek to Harold Luhnow, whose Volker Fund financed the Austrian economist’s position at the University of Chicago, advised Du Pont Company executive Jasper Crane to ask Hayek about his “international liberal society of scholars,” persuaded Luhnow to fund American travelers (including Miller) to the resulting Mont Pèlerin Society meeting, and fundraised money for the Foundation for Economic Education’s Hudson Valley headquarters.<sup>72</sup> However, when Leonard Read launched the Foundation for Economic Education in 1946, Miller declined Read’s invitation

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<sup>69</sup> Loren Miller to Jasper E. Crane, January 30, 1948, Folder Miller, Loren 1947-1950, Box 51, JEC papers.

<sup>70</sup> Miller met with J. Howard Pew, then chairman of the NAM’s National Industrial Information Center (later the Conference Board), but did not secure his support. Loren Miller to Mr. Crane, August 20, 1945, Folder Miller, Loren 1945-1946, Box 51, JEC papers.

<sup>71</sup> Brian Doherty, *Radicals for Capitalism: A Freewheeling History of the Modern American Libertarian Movement* (New York: Public Affairs, 2007): 182.

<sup>72</sup> Miller suggested Princeton University rather than Chicago as Hayek’s base. An account of a meeting between Luhnow, Miller, and Hayek in Loren Miller to Mr. Crane, May 3, 1946, Folder Miller, Loren 1945-1946, Box 51, JEC papers. Advice for a meeting between Crane and Hayek in Loren Miller to Mr. Crane, May 14, 1946. Miller’s MPS attendance referenced in Loren Miller to Mr. Crane, April 30, 1947, Folder Miller, Loren 1947-1950. Luhnow and Earhart financed the FEE building. Loren Miller to Mr. Crane, May 16, 1947, Folder Miller, Loren 1947-1950. Miller picked Morley over Hazlitt. Loren Miller to Mr. Crane, June 11, 1947, Folder Miller, Loren 1947-1950.



to join the first libertarian think tank.<sup>73</sup> Miller instead advised businessmen to cooperate rather than compete in funding economic education, and to themselves decide what programs to fund rather than delegate to intermediaries like himself. Recovering Miller's role in the postwar conservative intellectual movement shows how restrictions on majority rule came from the pre-war research movement in American cities, a homegrown anti-majoritarianism, in addition to post-war European social theory.

Miller was a warm correspondent who cultivated relationships and connected elites, a natural fundraiser long devoted to economy and efficiency in government. A personal friend of Detroit Research Bureau Director Lent Upson, with whom he traded gossip, puppies, and tax-free liquor, Miller was a professional colleague as well.<sup>74</sup> During the 1930s, Miller worked for Dun and Bradstreet's Municipal Debt Service in New York, the Municipal Finance Officers' Association based in Chicago, and Newark's Bureau of Governmental Research, Inc, and on two separate stints, Upson himself.<sup>75</sup> Upson thought Miller "one of the ablest research men in the field."<sup>76</sup> Miller moved to Kansas City, MO for a promotion to research bureau director, and befriended Volker Fund trustee Harold Luhnnow; the relationship lasted when Miller left for Detroit, MI in 1944, where he met another prominent funder of conservatives causes: Harry Boyd Earhart, the retired oil refiner based in nearby Ann Arbor, who was also a trustee of the Detroit Bureau of Governmental Research.<sup>77</sup>

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<sup>73</sup> Loren Miller to Mr. Crane, June 25, 1946, Folder Miller, Loren 1945-1946, Box 51, JEC papers. On the international thought collective and its relationship to neoliberalism see Angus Burgin, *The Great Persuasion: Reinventing Free Markets since the Depression* (Cambridge, MA: Harvard University Press, 2012) and Philip Mirowski and Dieter Plehwe, eds. *The Road from Mont Pèlerin: The Making of the Neoliberal Thought Collective* (Cambridge, MA: Harvard University Press, 2009) for example.

<sup>74</sup> Red (Loren B. Miller) to Up (Lent D. Upson) September 16, 1935; Lent to Loren, April 14, 1936; Red to Up, April 23, 1936, Folder J-M, Box 40, DBGR.

<sup>75</sup> See letterhead and signatures in Folder J-M, Box 40; Folder Ma-Mu, Box 42, DBGR.

<sup>76</sup> LDU to Fred A. Eldean, Tax Foundation, December 31, 1939, Folder I-W, Box 44, DBGR.

<sup>77</sup> Initially, the underfunded K. C. position was not attractive to Miller until he learned donations jumped after the Pendergast machine was voted out and the Civic Research Institute audited city and county government. L. B. Miller

Together, Upson and Miller split the research movement to retain control over its direction, separating private citizens from public administrators who founded the American Society for Public Administration with university professors in 1939.<sup>78</sup> Miller urged the rebranded citizens research movement not to be “choosy or snooty to those who may fight blindly” without the facts, such as taxpayers associations and leagues, since all those committed to economy in government were allies.<sup>79</sup> Miller was skeptical of including Chamber of Commerce research bureaus, however, like his employer the Newark Chamber of Commerce’s Municipal Research Bureau.<sup>80</sup> Perhaps Miller realized the research movement’s message would be more persuasive if “commerce” was not in the name. As citizen researchers prepared to break with business associations, they approached the Sloan Foundation, established in 1934 by General Motors president and CEO Alfred P. Sloan, for grant funding.

Miller approached the Tax Foundation about creating a “citizens front” of research and popular action.<sup>81</sup> In 1937, the U.S. Chamber of Commerce supported the creation of a Tax Foundation by industrial leaders including NAM’s Henning Prentis, Du Pont Company’s Jasper

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to Up, April 30, 1940; May 9, 1940, Wm. B. Henderson to Mr. L. B. Miller, Folder Mc-P, Box 44, DBGR. Miller and his colleagues also discussed their research with a Bob Goodrich, perhaps a member of the rubber manufacturing family that funded economic education. For example, Red to Up, August 23, 1935, Folder J-M, Box 40, DBGR. On Earhart’s trusteeship see Loren Miller to Mr. Crane, August 8, 1945, Folder Miller, Loren 1945-1946, Box 51, JEC papers.

<sup>78</sup> Upson and Miller’s correspondence with associates in Folder Ma-Mu, Box 42; Folder I-W, Folder Mc-P, Box 44; DBGR. Dr. William E. Mosher, dean of Syracuse University’s Maxwell Graduate School of Citizenship and Public Affairs, was particularly active in professionalizing the discipline of public administration by forcing out researchers. Lee argues administrators and professors provoked the split by commissioning a report critical of the Government Research Association in 1937. Mordecai Lee, “Colluding to Create the American Society for Public Administration and the Consequent Collateral Damage,” *Public Voices* XIV no. 1 (2014): 2-27. Initially, both the pro-government spending National Municipal League and the pro-tax cutting Tax Policy League offered office space to lay researchers like Upson and Miller. LDU to Loren, November 3, 1939, Folder Mc-P, Box 44, DBGR.

<sup>79</sup> “Memorandum re Proposed Citizen Organization” attached to Loren to Up, July 20, 1939, Folder Mc-P, Box 44, DBGR.

<sup>80</sup> LDU to Loren, October 25, 1938, Folder Mc-P, Box 44, DBGR.

<sup>81</sup> L. B. Miller to Up, October 17, 1939; LDU to Mr. Fred A. Eldean, Tax Foundation, November 8, 1939, Folder Mc-P, Box 44, DBGR.

Crane, and Chrysler Corporation's B. E. Hutchinson.<sup>82</sup> Sharing fundraising advice, Upson told Miller to emphasize "that the point of view of the bureaus is precisely that of the taxpayers—the best interest of the public, but that over a long period of years we have learned that activity has to be supported by a lot of facts."<sup>83</sup> Citizen research had an "essential role to fill in modern democracy: being the bulwark between a more or less defenseless citizenry...and the constant force both of official sources and advocates of special interests."<sup>84</sup> Miller classified "debt limits, cash basis laws, budgets, initiative, referendum, recall" as "citizen controls."<sup>85</sup> By 1947, the Governmental Research Association was "largely supported by a grant from Tax Foundation."<sup>86</sup>

The research movement intentionally aligned with organizations skilled in persuasion in order to translate ideas into action. The Tax Foundation conducted public expenditure surveys in Michigan, New York, and elsewhere.<sup>87</sup> Teachers argued these surveys were deceptive and some Tax Foundation employees agreed. One Tax Foundation analyst "found it exceedingly difficult to adjust myself to a program in which the importance of a research or factual approach does not seem to be recognized" and wrote Miller's mentor Lent Upson looking for research jobs.<sup>88</sup> Detroit's research bureau director advised the Michigan Public Expenditure Survey on a constitutional amendment to cut county government costs, and reported on his proposal to the Tax Foundation's executive director.<sup>89</sup> From 1939 to 1941, Michigan's state and local chambers held

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<sup>82</sup> <Folder 2>, B. E. Hutchinson papers, Hoover Institution Archives, Palo Alto, CA. Crane "was very closely in touch with the Tax Foundation at its start." JEC to Mr. Miller, May 16, 1947, Folder Miller, Loren 1947-1950, Box 51, JEC papers.

<sup>83</sup> LDU to Loren, November 15, 1939, Folder Mc-P, Box 44, DBGR.

<sup>84</sup> Loren to Up, April 25, 1939, Folder Ma-Mu, Box 42, DBGR.

<sup>85</sup> Loren B. Miller to Dr. Mosher, June 12, 1939, Folder Ma-Mu, Box 42, DBGR.

<sup>86</sup> Loren Miller to Mr. Crane, May 1, 1947, Folder Miller, Loren 1947-1950, Box 51, JEC papers.

<sup>87</sup> The New York State Teachers Association issued a February 13, 1940 bulletin accusing "The Citizens' Public Expenditure Survey, Inc." of being the "propaganda agency of The Tax Foundation" which "has paid agitators who go out and stir up taxpayers in various communities and organize taxpayers' associations." Folder Tax Amendment Correspondence, 1944, Box 17, Arthur Elder Papers, Archives of Labor and Urban Affairs, Wayne State University, Detroit, MI hereafter AE papers.

<sup>88</sup> Lewis H. Kimmel to Dr. Upson, August 4, 1941, Folder Tax-Wh, Box 47, DBGR.

<sup>89</sup> LDU to Fred A. Eldean, Tax Foundation, December 29, 1939, Folder I-W, Box 44, DBGR.

taxpayers meetings with speakers from home-rule cities that added overall property tax limitation to their charters, leading up to a “get the axe—cut the tax” campaign in the state legislature.<sup>90</sup>

Teachers appealed to public and school board opinion to increase salaries to pre-Depression levels by exposing public expenditure surveys and the Detroit Bureau of Governmental Research’s salary reports by as fronts for business interests.<sup>91</sup> Teacher unionists observed a “rather close connection” between the Detroit research bureau and Michigan Public Expenditure Survey, noting their joint research and adjoining offices.<sup>92</sup> A Detroit school board member served as president of the School Public Relations Association working with the National Education Association to combat “organized forces (tax survey groups, et al) crossing your state line today to ‘enlighten’ the public on the ‘facts’ of school extravagances.”<sup>93</sup> Teachers’ case for bias would have been strengthened if they saw the ten-page statement of libertarian principles Miller made Detroit research bureau employees sign.<sup>94</sup>

Writing to research bureau funders Luhnnow and Earhart during the summer between victories in Europe and Japan, Miller proposed an organization to structure the postwar world.<sup>95</sup> A central agency or clearing house, a tax-exempt “Economic Research Institute,” would research economic education, advise, counsel, monitor, and evaluate member organizations, and fund graduate fellowships. Or as Miller later put it, an outfit “that just sits around thinking of what

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<sup>90</sup> A. E. to Mrs. Louis Bass, February 28, 1944, 1, Folder Michigan Public Expenditure Survey, Box 17, AE papers.

<sup>91</sup> Letter from labor lawyers O’Brien and Nertney to Bureau of Governmental Research, Folder DFT Misc, Box 12, AE papers.

<sup>92</sup> Since 1941, a Mr. Steffens was in charge of the survey. A. E. to Mrs. Louis Bass, February 28, 1944, 2, Folder Michigan Public Expenditure Survey, Box 17, AE papers.

<sup>93</sup> Otis A. Crosby, President to Fellow Educator, “Concerning School Public Relations,” undated circa 1940, Folder I-W, Box 44, DBGR.

<sup>94</sup> See letterhead in JEC papers. Phillips-Fein, *Invisible Hands*, Footnote 10, 281. Renamed the Citizen’s Research Council of Michigan in 1951, the research bureau maintains a nonpartisan brand to this day.

<sup>95</sup> Memorandum to: Mr. Luhnnow and Mr. Earhart, Folder Miller, Loren 1945-1946, Box 51, JEC papers.

might be done.”<sup>96</sup> Miller wanted to match skillful popular writers with funders and distributors, and measure the reception of their work. Businessmen should choose programs, soliciting advice from experts like Miller, without funding a permanent staff. Operating “out of the public eye,” the agency would appraise but not run programs.<sup>97</sup> Essentially, Miller wanted to form a cartel of economic educators who made joint decisions about the direction of their industry.

When Hayek sent Luhnnow the “aims and organisation of the society which I have mentioned before,” it was Miller who sent the letter on to other American funders, including Crane.<sup>98</sup> Giving intellectual leaders who could “espouse a true liberal philosophy...some measure of prestige and respectability” required “a rallying point and meeting ground.”<sup>99</sup> As Crane circulated the “Suggestions of Hayek and Loren B. Miller” as one memo subject line put it, the Du Pont Company’s economist was skeptical that an international “club” or “prayer meeting” could solve the United States’ problems.<sup>100</sup> Crane, who was more sympathetic to the potential long-term influence of the ideas of freedom, liberty, and individualism, suggested an American society, perhaps the “Patrick Henry Society.”<sup>101</sup> Miller also shared a memo by University of Chicago economist Henry C. Simons for an “American society of liberal scholars.”<sup>102</sup> Crane and Miller agreed such scholars needed to show that individualism and capitalism were compatible with human welfare, as measured by living standards and individual opportunity.<sup>103</sup>

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<sup>96</sup> Jim Selvage had a similar proposal. Loren B. Miller memorandum to Mr. Donaldson Brown, April 5, 1946, 3, Folder Miller, Loren 1945-1946, Box 51, JEC papers.

<sup>97</sup> Ibid., 4. An example of the agency’s work was a contest contrasting books by Hayek and Beveridge. At the time, the summer of 1945, Luhnnow was in contact with Hayek about a *Road to Serfdom* for the United States.

<sup>98</sup> F. A. Hayek to Mr. Luhnnow, August 15, 1945, Folder Miller, Loren 1945-1946, Box 51, JEC papers.

<sup>99</sup> Loren Miller to Mr. Crane, September 5, 1945, Folder Miller, Loren 1945-1946, Box 51, JEC papers.

<sup>100</sup> E. F. Lincoln to J. E. Crane, September 11, 1945, Folder Miller, Loren 1945-1946, Box 51, JEC papers.

<sup>101</sup> JEC to Mr. Miller, September 14, 1945, Folder Miller, Loren 1945-1946, Box 51, JEC papers. Crane’s search for the bible of free enterprise in Phillips-Fein, “Business Conservatives and the Mont Pèlerin Society,” 285.

<sup>102</sup> Loren Miller to Mr. Crane, May 28, 1946, Folder Miller, Loren 1945-1946, Box 51, JEC papers.

<sup>103</sup> JEC to Mr. Miller, June 4, 1946, Folder Miller, Loren 1945-1946, Box 51, JEC papers.

A frequent correspondent of Crane's in 1945 and 1946, Miller vetted thinkers and books alongside the likes of business educator Leonard Read.<sup>104</sup> Perhaps Isabel Paterson's *The God of the Machine* Crane wrote Miller "might be the New Testament of capitalism." Miller preferred Rose Wilder Lane's *The Discovery of Freedom*.<sup>105</sup> While Lane's book lay next to Crane's bedside, it was not the bible of freedom historian Kim Phillips-Fein argues the Du Pont executive searched for.<sup>106</sup> Ayn Rand's *The Fountainhead* deserved a promotional campaign, Miller thought.<sup>107</sup> These female writers, the "three furies" of libertarianism were popular among businessmen and the public but lacked academic credentials.<sup>108</sup> Among the three male economists the Foundation for Economic Education would promote, Crane and Miller preferred Ludwig von Mises, defined "sound economics" by economic journalist Henry Hazlitt's book *Economics in One Lesson*, and loved Cornell economist F. A. Harper but wanted to know how many businessmen actually read his work.<sup>109</sup> Reporting from the Swiss mountains during the first meeting of the Mont Pèlerin Society in 1947, Miller observed University of Chicago economists like Milton Friedman scorned the "Mises-Read-Watts-Hazlitt-Harper school of thought" and did not have a use for it or want anything to do with it.<sup>110</sup> This separation between high and low preserved professors' legitimacy but often masked similarity in economic ideas.

Coordinating a concerned few to influence the "trend of economic and social affairs" in the United States, Miller's agency would redirect "those interested in American competitive

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<sup>104</sup> For example, Crane suggested Miller or Read "vet" Thomas Hewes and his book *Decentralize for Liberty*. JEC to Mr. Miller, January 26, 1946, Folder Miller, Loren 1945-1946, Box 51, JEC papers.

<sup>105</sup> Loren Miller to Mr. Crane, January 2, 1946, Folder Miller, Loren 1945-1946, Box 51, JEC papers.

<sup>106</sup> JEC to Mr. Miller, January 4, 1946, Folder Miller, Loren 1945-1946, Box 51, JEC papers.

<sup>107</sup> Loren Miller to Mr. Crane, March 13, 1946, Folder Miller, Loren 1945-1946, Box 51, JEC papers.

<sup>108</sup> William F. Buckley quoted in Jennifer Burns, "The Three 'Furies' of Libertarianism: Rose Wilder Lane, Isabel Paterson, and Ayn Ran," *The Journal of American History* 102, no. 3 (2015): 746-74.

<sup>109</sup>

<sup>110</sup> "Comments on Mont Pelerin Conference," 12, Folder Miller, Loren 1947-1950, Box 51, JEC papers.

economy” away from supporting efforts “operating under the color of impartiality.”<sup>111</sup> Here, Miller surely had NAM’s information arm, the National Industrial Conference Board in mind. When Miller appealed to Lamont du Pont to convene a discussion about the proposed agency or clearinghouse, du Pont listed thirteen organizations and individuals to invite that he already donated to including NAM and the National Industrial Conference Board, Merwin K. Hart’s National Economic Council, the American Economic Foundation, and Leo Wolman.<sup>112</sup> Crane and du Pont called first Miller, then vice president of the National Industrial Conference Board Leonard Read to Du Pont Company headquarters “for a talk on some of these matters.” Indicating Miller’s sway, Read also visited Detroit.<sup>113</sup> Switching business lobbies, Read had left the Los Angeles Chamber of Commerce to work for the National Industrial Conference Board, but quickly departed over the Board’s policy of presenting both sides of an issue.<sup>114</sup>

At the same time, the Detroit research bureau director Miller continued to advise Crane, Earhart, Luhnnow, and others to coordinate amongst themselves rather than delegate to Read.<sup>115</sup> Miller believed businessmen’s investment in ideas should be active, rather than passive venture capital; otherwise, only self-starters would receive funding.<sup>116</sup> Supportive of Read’s principled conviction and ability but skeptical of his approach, Miller suggested Read could head the proposed agency/investment council, or General Motors executive Alfred Sloan’s eponymous foundation, dedicated to economic education as it was.<sup>117</sup> Read could even supervise Hayek’s

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<sup>111</sup> Ibid., 3.

<sup>112</sup> Lamont du Pont to Mr. J. E. Crane, August 30, 1945.

<sup>113</sup> Crane quoted in JEC to Mr. Miller, August 28, 1945; Read’s visit in Loren Miller to Mr. Crane, December 10, 1945, Folder Miller, Loren 1945-1946, Box 51, JEC papers.

<sup>114</sup> Read worked as executive vice president from mid-1945 to March 1946. Doherty, *Radicals for Capitalism*.

<sup>115</sup> LBM memo to Mr. Earhart, March 9, 1946; Loren Miller to Mr. Crane, March 13, 1946, Folder Miller, Loren 1945-1946, Box 51, JEC papers.

<sup>116</sup> Loren Miller to Mr. Crane, November 2, 1946, Folder Miller, Loren 1945-1946, Box 51, JEC papers.

<sup>117</sup> Loren B. Miller memorandum to Mr. Donaldson Brown, April 5, 1946, Folder Miller, Loren 1945-1946, Box 51, JEC papers.

(never completed and Luhnnow-funded) study rather than leave it to “semi-socialist” University of Chicago researchers who had prepared material for the Committee for Economic Development.<sup>118</sup> With the creation of the Foundation for Economic Education under Read’s leadership in June 1946, Read replaced Miller as conservative business funders’ confidant.<sup>119</sup>

The Foundation for Economic Education recruited from Miller and Crane’s circles as well as Read’s. Donaldson Brown, finance committee chairman of General Motors’ board and a former Du Pont executive, was one of six founding members of the Foundation for Economic Education, alongside Yale economist Fred Fairchild, tire manufacturer David M. Goodrich, economic journalist Henry Hazlitt, pollster Claude Robinson, and Columbia economist Leo Wolman, a New Dealer turned critic.<sup>120</sup> Brown and Robinson had been on Miller’s list for his agency or clearinghouse while Wolman was on Crane’s. Read also invited NAM members to be trustees—so many that FEE scheduled its fall board meeting just before NAM’s Congress of American Industry.<sup>121</sup> NAM leader Prentis backed FEE too.<sup>122</sup>

Chrysler Corporation vice president B. E. Hutchinson became an active trustee of FEE, supported financially in its early years substantially by Midwestern industrialists.<sup>123</sup> At some point, “Hutch” compelled Leonard Read to send materials to his son’s University of Vermont professor, whose history of economics was “full of economic heresy and misinformation in

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<sup>118</sup> JEC to Mr. Miller, June 12, 1946, Folder Miller, Loren 1945-1946, Box 51, JEC papers.

<sup>119</sup> Even Crane began to refer Miller’s suggestions to the Foundation for Economic Education. JEC to Mr. Miller, June 3, 1946, Folder Miller, Loren 1945-1946, Box 51, JEC papers.

<sup>120</sup> *The Lobbyists*, 173. Robinson ran Opinion Research Corporation.

<sup>121</sup> Folder Read, Leonard E. 1964, Box 17, Fairchild papers.

<sup>122</sup> Prentis had multiple ties to FEE: he was on FEE’s primary mailing list, donated company funds, and served on the board of the conservative magazine *The Freeman* alongside Read and FEE advisors. Philip H. Burch, “The NAM as an Interest Group.” *Politics & Society* 4, no. 1 (September 1, 1973): 97-130. H. J. Harris, *The Right to Manage: Industrial Relations Policies of American Business in the 1940s* (Madison, WI: University of Wisconsin Press, 1982).

<sup>123</sup> 7 of 37 funders listed in Hutchinson’s papers were based in Detroit, and among them, several listed as top twenty donors by the Buchanan committee: General Motors, Earhart Foundation, Donaldson Brown, Chrysler Corporation, and H. B. Earhart. The Kresge Foundation, Detroit Edison, J. L. Hudson Company, S. S. Kresge Company, and Ford Motor Company gave less. *The Lobbyists*, 175-6.



general.”<sup>124</sup> However, even Hutch hired the Michigan Manufacturers’ Association director to “pull his deals for him, to ‘protect’ his interest.”<sup>125</sup> Miller advocated less self-interested economic education. Chrysler’s economist endorsed and published pamphlets for FEE and the Committee for Constitutional Government, two indirect lobbies for free enterprise successful enough to attract congressional scrutiny, as described in the next section. Chrysler employees stuck their necks out, what founder Walter Chrysler lamented too business leaders would not do in the wake of the Wagner Act.<sup>126</sup>

General Motors executives were close to the Du Pont family of anti-New Deal crusaders who owned a controlling interest in General Motors stock throughout this period. While the American Liberty League faded during the Great Depression, General Motors Corporation in addition to the Du Pont Company contributed to the lasting postwar project of economic education. Lamont du Pont contributed \$5,000 per year, or General Motors stock, to the American Economic Foundation until his death.<sup>127</sup> As part of a Thought Starters Series begun in the mid-1930s, General Motors’ director of customer research published pamphlets endorsing economist Orval Watts’s *Do We Want Free Enterprise?*<sup>128</sup> Watts, a disciple of the eugenicist and Harvard economist Thomas Nixon Carver, was a bold choice for a publicly-traded corporation, and would go on to play a crucial role in the early Foundation for Economic Education.

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<sup>124</sup> B. E. Hutchinson papers, Hoover Institution Archives, Palo Alto, CA.

<sup>125</sup> Loren Miller to Mr. Earhart, January 14, 1946, Folder Miller, Loren 1945-1946, Box 51, JEC papers.

<sup>126</sup> Earhart recounted a series of dinners in 1935 at which fifty business leaders like Chrysler gathered. Jim Bell, Howard Heinz, and Earhart organized “in defense of the realm.” Perhaps Earhart’s phrase is the source of Earhart’s title for his Relm Foundation. H. B. Earhart to Loren, December 27, 1945, Folder Miller, Loren 1945-1946, Box 51, JEC papers.

<sup>127</sup>

<sup>128</sup> GM also published *Must We Have Government by Violence Instead of by Law?*, mentioned but not described in Weaver’s pamphlet “Free Enterprise & Why.” The pamphlet may have built on Du Pont and GM executives’ opposition to violent government enforcement of prohibition laws. Henry G. (“Buck”) Weaver, “Free Enterprise & Why,” Thought Starters Series no. 113 (Detroit, MI: General Motors, undated) attached to Loren Miller to Mr. Crane, December 1, 1945, Folder Miller, Loren 1945-1946, Box 51, JEC papers.

Detroit research bureau director Miller thought the closest to a national economic policy agency “on our side” was the small Committee for Constitutional Government.<sup>129</sup> Newspapermen like Felix Morley and John Chamberlain founded the Committee for Constitutional Government in objection to President Roosevelt’s threat to expand the size of the U.S. Supreme Court to dilute the power of conservative justices. Committee members were more concerned with the legislation and administration the court upheld than with judicial power itself. To permanently slow national spending, businessmen supported the Committee for Constitutional Government’s federal constitutional amendment to limit tax rates on income from wages, capital, and estates to twenty-five percent beginning in 1938.<sup>130</sup> When the U.S. House failed to pass the federal limit out of committee, tax limiters aimed to call a constitutional convention through the states instead. 31 states passed resolutions in favor of the twenty-five percent income tax limit by 1957.<sup>131</sup> Stalled by WWII, the federal tax limitation campaign had resurfaced amidst what sociologist Isaac William Martin calls rich people’s movements against the income tax.<sup>132</sup> In 1949, the Committee

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<sup>129</sup> One or two staffers. Loren Miller to Mr. Crane, July 2, 1947, Folder Miller, Loren 1947-1950, Box 51, JEC papers.

<sup>130</sup> With the National Association of Real Estate Boards and the Committee for Constitutional Government, the American Taxpayers Association proposed the first bills in 1938 and 1939. <>However, when “some people utilized Clark’s arguments to justify a 25 percent limit on Federal individual income tax liabilities...Clark was quite ‘astonished’ and rejected the notion suggesting instead that 65 percent was a more reasonable figure.” Suyderhoud, “Activities to Limit State Taxes and Expenditures,” 11. The National Tax Association discussed Clark’s research at its annual meetings in 1951 and 1952; the Tax Institute held a symposium in 1952. Colin Clark, “The Danger Point in Taxes,” *Harper’s Magazine* (December, 1950): 67-69. Colin Clark, “Long-run Effects of Taxation Upon Value of Money,” in *Limits of Taxable Capacity* (Princeton, NJ: Tax Institute, Inc., 1953). Joseph A. Pechman and Thomas Mayer, “Mr. Colin Clark on the Limits of Taxation,” *Review of Economics and Statistics* 34 (August 1952): 232-42.

<sup>131</sup> Jack P. Suyderhoud, “Activities to Limit State Taxes and Expenditures: A Descriptive Paper,” November 1977, Folder 3, Box 18, Copeland papers, Chattanooga Public Library. As the American Taxpayers Association refashioned itself into the Western Tax Council and hired field organizers to pass resolutions in state legislatures; Michigan did in 1941 but never California. Revising resolutions, the Committee for Constitutional Government again pursued federal legislation, incorporating an emergency override vote to quell fears about defense cuts, and lobbying U.S. congressmen both directly and indirectly. Isaac William Martin, “Redistributing toward the Rich: Strategic Policy Crafting in the Campaign to Repeal the Sixteenth Amendment, 1938–1958,” *American Journal of Sociology* 116, no. 1 (July 2010).

<sup>132</sup> From non-payment of income taxes to the Liberty amendment to abolish the income tax, tax protest spread among American elites. Isaac Martin, *Rich People’s Movements: Grassroots Campaigns to Untax the One Percent* (New York, NY: Oxford University Press, 2013). By 1946, these elites feared progress on limitation of the income

for Constitutional Government spent \$620,632 on legislation, presumably the 25 percent income, estate, and gift tax limit, second most that year after the American Medical Association's campaign against universal healthcare.<sup>133</sup>

The House Select Committee on Lobbying Activities, known as the Buchanan committee after its chairman, investigated supporters of the federal tax limitation beginning in 1949.<sup>134</sup> After an FBI investigation, Chairman Frank Buchanan charged that the Foundation for Economic Education was in the "twilight zone" of lobbying. FEE trustee B. E. Hutchinson, the vice president of Chrysler Corporation, wondered if FEE's opposition to rent control provoked congressional scrutiny during a furor over "the real estate lobby."<sup>135</sup> A newspaper columnist had also revealed that FEE was run by corporations propagandizing against federal aid to education, in addition to the Marshall plan, social security, and rent control.<sup>136</sup> The executive secretary of the Committee for Constitutional Government to tell the U. S. Congress who purchased literature, and thus circumvented the 1946 Lobbying Act.<sup>137</sup> Indicted by a federal grand jury for contempt of Congress for this silence, the Committee for Constitutional Government's executive secretary received a six month-suspended jail sentence before his conviction was overturned on appeal in 1953.<sup>138</sup>

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tax had slowed. Loren Miller to Mr. Crane, December 6, 1946, Folder Miller, Loren 1945-1946, Box 51, JEC papers.

<sup>133</sup> *The Lobbyists*, 157.

<sup>134</sup> The Foundation for Economic Education and the National Economic Council in addition to the Committee for Constitutional Government and the National Association of Real Estate Boards beginning in 1949. After the National Association of Real Estate Boards waged a successful campaign against government regulation of housing prices, the U.S. Congress wanted to know who paid for it, calling a hearing that swept up many organizations on the left and right. The Buchanan committee also investigated Americans for Democratic Action, and examined labor and farm groups alongside large corporations. *The Lobbyists*, 134.

<sup>135</sup> < B. E. Hutchinson papers, Hoover Institution Archives, Palo Alto, CA. The federal government prosecuted, as well as investigated. In 1950, the Washington, D. C. real estate board defended itself against charges of price fixing before the U.S. Supreme Court. <https://www.law.cornell.edu/supremecourt/text/339/485#fn1>

<sup>136</sup> Drew Pearson.

<sup>137</sup> Costs for litigation and lost publication orders ran to \$150,000. Frank Chodorov, *The Income Tax: Root of all Evil* (New York: The Devin-Adair Company, 1954).

<sup>138</sup> Companies that refused to answer the Buchanan committee's questions about their expenditures to directly or indirectly influence legislation including Henning Prentis, Jr.'s Armstrong Cork, William C. Mullendore's Southern California Edison, and B. F. Goodrich went unpunished. As will become relevant in Chapter 6, Michigan's Dow Chemical also refused to disclose. *The Lobbyists*, 151.

Courts ruled books and pamphlets were protected free speech and free press, while direct lobbying—buttonholing a legislator and telling them how to vote—was restricted.<sup>139</sup> For example, the Committee for Constitutional Government’s pamphlet “Housewife’s Dilemma” by Chrysler economist John C. Scoville about the benefits of competition unmediated by third parties like unions would be protected.<sup>140</sup> The U. S. Chamber and NAM publicly joined the cause of federal constitutional tax limitation in the early 1950s.<sup>141</sup> During the 1950s, NAM’s National Industrial Council of state manufacturers, trade, and employers’ associations searched for test cases to challenge state taxes on interstate commerce, which were later upheld by the Supreme Court, then lowered by Congress.<sup>142</sup>

During Buchanan’s congressional hearing on interest group influence in politics, a cereal manufacturer and a real estate man testified that politicians and the people were the sources of corruption—not them. A letter between two real estate board leaders read into the congressional record used language similar to National Association of Manufacturers’ economist Noel Sargent’s stock quote “Bribes to Voters,” described below. A National Association of Real Estate Boards vice president wrote that “popularity contests” would “lead to disaster and to some form of dictatorship as the currency is progressively devaluated by public spending in order to buy

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<sup>139</sup> "Limits on Congressional Inquiry: Rumely v. United States," *University of Chicago Law Review* 20, no. 3 (Spring 1953): 593-597.

<sup>140</sup> John W. Scoville, “Housewife’s Dilemma: An Analysis,” Committee for Constitutional Government, 1947.

<sup>141</sup> In 1952, the U.S. Chamber endorsed federal constitutional tax limitation, declaring “There should be adoption of an appropriate amendment to the Constitution to limit the taxing power of Congress.” Policy Declarations, 1952, 79-80, Chamber papers, Hagley. Earlier, the Chamber recommended a congressional committee tie an expenditure ceiling to revenues. As NAM more actively engineered fiscal policy to its liking, manufacturers signed on to the limit too. When it came to taxes during the 1940s, NAM focused on excess profits taxes, double taxation of corporate income, tax privileges for cooperatives, and a flat rate income tax. <>, Box 183, NAM 2020. At first, NAM aimed to reduce the top individual income tax rate to 35 percent, and argued economic growth would make up the lost revenue. NAM promoted "pay-as-we-go" which meant "taxing as we spend." NAM Government Finance Department, H.L.L. 12-27-50, A Program to Pay-As-We-Go," First draft--for consideration of Taxation Committee Advisory Group, 2, January 4, 1951, Folder Taxes PAY-AS-WE-GO 1950, Box 185, NAM 2020.

<sup>142</sup> Box 186, NAM 2020.

votes.”<sup>143</sup> Only male direct taxpayers should be allowed to vote, the “foe of rent controls” concluded.<sup>144</sup> Quoting an earlier speech of his own, the National Economic Council’s Merwin K. Hart testified that the United States was a republic, and the attempt to turn a representative government into a democracy would “lead to a mobocracy, governed eventually by a dictator.”<sup>145</sup>

The fall from democracy into dictatorship echoed another quote about “The Hard Core of Freedom,” created by a midwestern journalist, attributed to a forgotten Scottish historian, and publicized by the Foundation for Economic Education. Economic education’s lucid ideas replaced the research movement’s stylized facts. NAM leader Henning Prentis Jr. believed that ideas influenced the “mass mind” more than facts alone.<sup>146</sup> Committee for Constitutional Government leader Reverend Norman Vincent Peale believed Americans needed a Commonsensia of the many more than an intelligentsia of the few.<sup>147</sup>

## The Commonsensia

Rather than sell free enterprise like any other product, business leaders wanted their ideas to sell themselves, to become common sense.<sup>148</sup> Economic education included everyday ideas

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<sup>143</sup> Herbert U. Nelson.

<sup>144</sup> “Herbert Nelson, Real Estate Man: Retired Official of National Association Dies—Helped Found Several Groups,” *The New York Times*, November 21, 1956, 27.

<sup>145</sup> Hart quoted his own 1940 speech to the Union League Club of New York, *The Lobbyists*, 141. The National Economic Council’s Merwin K. Hart disclosed donors, among them three Du Pont executives and the Los Angeles Chamber of Commerce. Armco Steel Corporation, Bethlehem Steel, Irene Du Pont, Lamont Du Pont, Eastman Kodak, Empire State, Joseph R. Grundy, Gulf Oil, Ex-Senator Albert Hawkes of New Jersey, Lone Star Cement, Los Angeles Chamber of Commerce, John J. Raskob, W. H. Regnery, Standard Oil of Indiana, Sears, Roebuck & Company, Sheaffer Pen, the Texas Company, Union Carbide & Carbon, and Robert E. Wood. *The Lobbyists*, 149-150.

<sup>146</sup> Prentis, *The Faith of our Fathers*. H. W. Prentis, *The Catalyzers of Liberty* (New York: National Association of Manufacturers, 1939). Prentis, and the U.S. Chamber *Our American Heritage*. H. W. Prentis, Jr., “The Roots of Liberty in Modern America,” delivered to the Synod of Pennsylvania at Wilson College, Chambersburg, June 21, 1939, 3 referring to Martin: “Although I differ with his views on certain points, Folder 100T Free Enterprise N.A.M. 1938-49, Box 66, NAM 2020.

<sup>147</sup> Peale quoted in Glickman, *Free Enterprise*, 12.

<sup>148</sup> On the history of free enterprise as myth, see Lawrence B. Glickman, *Free Enterprise: An American History* (New Haven, CT: Yale University Press, 2019). Glickman defines free enterprise as the “autonomy of the business firm” in the twentieth-century.

about how to make democracy safe for capitalism found in pamphlets and textbooks, in addition to “after-dinner talks, advertisements, newspaper columns, trade journals, sermons, and political speeches.”<sup>149</sup> The boundary between propaganda and scholarship blurred when textbook authors reprinted pamphlets—Harvard political economist Thomas Nixon Carver included parables while NAM economist Noel Sargent used his own and others’ apothegms. Even the research director of the politically moderate Committee for Economic Development worried unlimited government would have destructive effects in similar terms to lay economists. The business Keynesianism exemplified by the Committee for Economic Development was not so settled, as Robert M. Collins suggested, on limiting government revenue rather than limiting government spending.<sup>150</sup>

Popular writers from British historian Arnold Toynbee to German writer and teacher Oswald Spengler to American urban planner Lewis Mumford connected political corruption to civilizational decay in a cyclical philosophy of history; among business leaders, a version by NAM’s Henning Prentis, Jr. was best known.<sup>151</sup> During the winter of 1941, Prentis began constructing his own “time-worn historical cycle” of stages: fetters, faith, freedom, folly, fear.<sup>152</sup> While first tyranny, then bondage, replaced fetters, and freedom was narrowed to liberty, over the years Prentis inserted new descriptions of welfare and emotion: economic well-being became abundance, selfishness and complacency substituted for folly, then apathy and dependence for fear. Prentis’s cycle, memorialized in a 1943 speech to the National Industrial Conference Board

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<sup>149</sup> Glickman, *Free Enterprise*, 20.

<sup>150</sup> Robert M. Collins, *The Business Response to Keynes, 1929-1964* (New York: Columbia University Press, 1981).

<sup>151</sup> Arnold Toynbee, Henry Thomas Buckle, Lord Macaulay, and Charles Mackay influenced NAM’s Henning Prentis, Jr.’s thinking on civilizational growth and decline. By 1942, the Spengler revival had spread to “leading dailies,” a Harvard sociologist and author of the other major cyclical history of the 1930s, *Social and Cultural Dynamics*, found that a “diluted form” of Spengler had become “a stock feature.” Henry Stuart Hughes, *Oswald Spengler* (New Brunswick, NJ, 1992). Oswald Spengler et al., *Today and Destiny: Vital Excerpts from the Decline of the West of Oswald Spengler* (New York, Alfred A. Knopf, 1940). Sorokin quoted in Hans W. Weigert, “Oswald Spengler, Twenty-Five Years After,” *Foreign Affairs* 21/1 (1942), 120-31 at 121.

<sup>152</sup> Prentis first described the cycle in his 1941 address to the NAM annual meeting. H. W. Prentis, *The Bill of Rights Today* (New York, 1942), 7.

published by the Newcomen Society in North America, was once attributed to Scottish historian Alexander Fraser Tytler.<sup>153</sup> Decades later, Du Pont Company executive Jasper Crane remembered “the circular sequence of events that used to be mentioned by Henning Prentiss-- / Freed to fullness / Fullness to folly / Folly to fear / Fear to fetters / Fetters to freedom, etc.”<sup>154</sup> More than how many s’s were in Prentis’s name or which f’s in his cycle, what mattered was the ring of truth, what historian Lawrence Glickman calls “repetitious familiarity.”<sup>155</sup>

Conservative business leaders criticized the New Deal with reference to the problems of democracy in Greece and Rome. The Greek historian Polybius, in Prentis’s telling, attributed the fall of democracy into “rule of force” to the masses’ demand for “gifts.” Loosely translated, Prentis feared the tyranny of the majority. Prentis warned an audience of university students that the preservation of representative (not majoritarian) democracy depended on public decision-making based on “the general national welfare—not on narrow considerations of individual or group selfishness.”<sup>156</sup> During the Great Depression, a variety of mass market books compared the United States to the Roman Empire, including *The New Deal in Old Rome* by Missouri journalist and amateur historian Henry J. Haskell and the Italian historian Guglielmo Ferrero’s polemical works.

Worried about the effects of passing public assistance laws during the early 1930s, the NAM economist Noel Sargent wrote a stock quote, “Bribes to Voters,” about a political “game” that would lead to “national disaster.”<sup>157</sup> Politicians would “financially outbid each other” in

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<sup>153</sup> Henning W. Prentis, Jr., *Industrial Management in a Republic* (Princeton, 1943), 22. Collins, “The Truth.”

<sup>154</sup> Jasper Crane to Fred G. Clark, December 15, 1967, American Economic Foundation 1966-1969, Box 2, Jasper E. Crane papers.

<sup>155</sup> Glickman, *Free Enterprise*, 3.

<sup>156</sup> H. W. Prentis, *The Cult of Competency: Address at Midwinter Commencement of the University of Pennsylvania*, February 6, 1943 (New York: National Association of Manufacturers, 1943): 14.

<sup>157</sup> Sargent sent the manuscript, “The Case for Economic Freedom,” containing this quote to the business and economics publisher McGraw-Hill in September 1951. Noel Sargent, “Address before Hartford County Manufacturers Association,” 1930, in Box 2, Binder, Noel Sargent papers, 1916-1969, Special Collections and University Archives Rutgers University (NS).

promising voters greater and greater aid for old age, unemployment, or sickness. The “successful candidate” would be the one who could “promise most in the way of greater payments from the public treasury.”<sup>158</sup> Sargent included a version of “Bribes to Voters” from a 1930 speech before the Hartford Manufacturers Association in the “American Government” government chapter of a textbook manuscript “The Case for Economic Freedom.”<sup>159</sup> Sargent concluded the manuscript with apothegms by himself and Chrysler’s economist John Scoville, who published for the Committee for Constitutional Government and endorsed Bastiat reprints. Sargent developed the textbook for a project begun in 1944 by NAM’s Economic Principles Commission but never found a publisher.<sup>160</sup> McGraw-Hill worried “The Case for Economic Freedom” would not sell without a guaranteed run, backed by a business association like NAM.<sup>161</sup> However, business ideas needed to be detached from the appearance of business support in order to spread.

Even the Committee for Economic Development’s research director had worried about the effect of democracy on government spending and economic stability. Ted Yntema, a professor of business administration at the University of Chicago, where he received his Ph.D. in economics in 1929, spent the next two decades conducting research for the Cowles Commission, the National Bureau of Economic Research, and the Committee for Economic Development, working in the federal government during the New Deal and WWII, and consulting for companies including U.S. Steel and Ford Motor Company, where he became vice-president of finance in 1949.<sup>162</sup> At the end

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<sup>158</sup> The business press, beginning in 1912 with the U.S. Chamber of Commerce’s magazine *Nation’s Business* and continuing into the 1940s in the booster publication *The Rotarian*, revived the “public treasury” construction the first American presidents were fond of. Genealogy from Google ngram searches.

<sup>159</sup> Chapter 5 outlined the mutual interests of industry and education, perhaps a nod to the NAM’s Department of Group Relations nationwide tour with teachers. Chapter 7 of Sargent’s manuscript outlined the problems of government finance, ranging from specific taxes on corporate income, undistributed profits, and excess profits, to the burden of taxes and the size of the public debt.

<sup>160</sup> Box 847, Series III, NAM.

<sup>161</sup> Noel Sargent Papers, 1916-1969, Special Collections and University Archives, Rutgers University.

<sup>162</sup> <https://cowles.yale.edu/archives/people/yntema>



of the decade, Yntema was most concerned by the seeming conflict between democracy and capitalism.” When democracy involved “the privilege of voting somebody else’s money” government spending itself was a conflict. Rather than deficit spending, businessmen should focus on “the total amount of government spending, especially the transfer payments that are involved.” Yntema was not an extremist who ruled out redistributing property, but he thought “there has got to be some kind of a limit and an understanding of what is involved.”<sup>163</sup>

An older generation of economic thinkers who advised the research movement influenced economic educators’ approach to limiting government.<sup>164</sup> By the 1940s, the retired Harvard political economist Thomas Nixon Carver was an intellectual past his time—evolutionist, marginalist, eugenicist— but as recently as the 1920s, he was a popular author and speaker.<sup>165</sup> Carver, who had served as principal of a village school in Iowa and co-authored secondary school textbooks, wrote for the “ordinary student.”<sup>166</sup> Responding to a critical reviewer of one such book, *This Economic World*, Carver implied problems arose when economics students did not progress through the stages of “intellectual development” from “blindly optimistic” to “violently

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<sup>163</sup> CED Minutes of the Meeting of Board of Trustees, November 17, 1949, Waldorf-Astoria, New York, 39-40, Folder 10, DKD.

<sup>164</sup> One of the old guard economists Detroit research bureau director Loren Miller had considered hiring for his proposed agency or clearinghouse, Thomas Nixon Carver was already publishing textbooks and advising businessmen. <JEC>

<sup>165</sup> See my article manuscript “No Maxim More Common.” While even John Stuart Mill denounced his own wages fund theory, Carver applied its cruel calculation: if employers’ fund of wages was fixed, the only way to raise pay was to decrease labor supply. Restrictions on immigration papers and marriage licenses, in addition to partial sterilizations, would eliminate “defectives,” thereby increasing wages. Carver sat on the boards of the Immigration Restriction League and the Massachusetts Department of Mental Diseases included in correspondence in Box 1, Folders 1, 3, Thomas Nixon Carver papers, 1910-1961, Special Collections, University of California, Los Angeles (TNC UCLA). Walter Lippmann corresponded with his professor Carver, who was also on the board of the Massachusetts State Schools for the Feeble-Minded, about restrictions on marriage licenses. Craufurd D. W. Goodwin, *Walter Lippmann: Public Economist* (Cambridge, MA, 2014), 10. Thomas Nixon Carver, “A Liberalist’s Program for the Complete Abolition of Poverty,” *Principles of National Economy* (Boston, 1921), 766-7 at 766. Thomas Nixon Carver, “The Economics of Freedom,” *The Economic Sentinel* 3/4 (1945), 1-32. Bristol, *Social Adaptation*. On Carver’s “New Proprietorship,” or promotion of mass securities ownership, see Julia C. Ott, *When Wall Street Met Main Street: The Quest for an Investors’ Democracy* (Cambridge, MA: Harvard University Press, 2011).

<sup>166</sup> Thomas Nixon Carver and Gladys Marion Adams, *Our Economic Life: A General Social Science* (Chicago, 1929). Carver, *Recollections*, 152

pessimistic” to seeing “a certain degree of harmony.”<sup>167</sup> Carver took on what he considered the economist’s and statesman’s responsibility “to rationalize human desires, that is, to teach people to desire the right things.”<sup>168</sup> After the stock market crashed, Carver shared a now familiar formula for business success: fewer regulations, lower taxes, more respect.<sup>169</sup> By the time the first New Deal programs passed in the spring of 1933, the newly retired professor had traversed the country, lecturing at colleges and in the Carnegie Foundation’s “experiment in adult education in Economics” in Iowa.<sup>170</sup>

Arriving in California, Carver taught a theory of economic harmony to businessmen shaken by New Deal reforms and socialist writer Upton Sinclair’s run for governor.<sup>171</sup> Casting about for institutional sponsors, Carver distributed a manuscript of his lectures “What Must We Do to Save Our Economic System?” to Irénée du Pont of the American Liberty League and advised Virgil Jordan of the National Industrial Conference Board.<sup>172</sup> While Carver sought a public audience with his syndicated newspaper columns, and political influence as the Republican Party’s economist, it was his work with utility executive William Mullendore, business educator Leonard Read, and his disciple, the economist V. Orval Watts, that Carver considered “most important.”<sup>173</sup> These four men turned the Los Angeles Chamber of Commerce into “the spearhead of an active crusade for the return to the principle of freedom of enterprise.”<sup>174</sup>

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<sup>167</sup> Carver to Horace Taylor, *The New Republic*, August 30, 1928, Box 1, Folder Correspondence 1902-1929, Papers of Thomas Nixon Carver, HUGB C161, Harvard University Archives (TNC Harvard).

<sup>168</sup> Carver, “The Economics of Freedom,” 4.

<sup>169</sup> T. N. Carver, “The Conquest of Poverty,” *American Mercury* 38/149 (1936), 94-7.

<sup>170</sup> Carver to H. H. Burbank, undated, Box 6, Folder Carver, T. N., Harvard University Department of Economics general office files, UAV 349.11, Harvard University Archives.

<sup>171</sup> “Announcement,” January 15, 1935; Chamber of Commerce of the United States, Western Divisional Meeting Agenda, November 27-30, 1935; Carver to James B. Conant, January 4, 1935, Box 1, Folder 5, TNC UCLA. Eow, “Fighting a New Deal.”

<sup>172</sup> Irene du Pont to Lew Rumford, July 31, 1935; Irene du Pont to T. N. Carver, August 16, 1935; T. N. Carver to Virgil Jordan, August 26, 1935, Box 1, Folders 1 and 3, TNC UCLA.

<sup>173</sup> Carver, *Recollections*, 241.

<sup>174</sup> Ibid. On Carver’s role in FEE see Gregory Teddy Eow, “Fighting a New Deal: Intellectual Origins of the Reagan Revolution, 1932-1952” (Ph.D. dissertation, Rice University, 2007).

The Los Angeles Chamber of Commerce began a “program of self-education in free competitive enterprise” at the start of 1943.<sup>175</sup> LA Chamber leader Leonard Read believed that businessmen’s best contribution to “sound thinking” would begin not with mass education, but with improving one’s own thinking. This was, after all, the individualist solution. However, business leaders needed to learn free enterprise, as they had learned their own enterprise, in order to “debate with a socialist, a radical labor leader or any other ardent collectivist.” In the early 1940s, business leaders knew free enterprise as the “antithesis of dreaded socialism” rather than on its own terms. Every week, the LA Chamber organized as many as five concurrent lunch lectures by an economist—“a free enterpriser at heart.” Once the program of self-education was complete, Read and his LA Chamber allies made their ideas public.

No thinker mattered more to Read than the nineteenth-century French economic liberal Frédéric Bastiat, who Read introduced to the modern conservative movement, where Bastiat has become ubiquitous.<sup>176</sup> After one of Read’s own talks, retired political economist Thomas Nixon Carver reportedly told the LA Chamber leader that he sounded like the legislator and polemicist Bastiat, and sent translations.<sup>177</sup> Read, like Bastiat, was an economic popularizer. When Read incorporated the mailing list he started with utility executive William C. Mullendore and economist V. Orval Watts to distribute Bastiat and others, he called it Pamphleteers, Inc.<sup>178</sup> Another origin story of Bastiat’s reintroduction to America claimed the southern California publisher Raymond C. Hoiles found Bastiat in a used bookstore in London.<sup>179</sup> A friend of FEE

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<sup>175</sup> Watts, *Do We Want Free Enterprise?*, iii-iv

<sup>176</sup> Since 1946, the Foundation for Economic Education has distributed half a million books by Bastiat or his modern interpreter the journalist Henry Hazlitt. Brian Doherty, *Radicals for Capitalism: A Freewheeling History of the Modern American Libertarian Movement* (New York, 2007). Michael Behrent, “Frédéric Bastiat, the American Right’s French Inspiration,” *Books and Ideas* (July 1, 2010).

<sup>177</sup> Edmund A. Optiz, “Leonard E. Read: A Portrait,” *The Freeman* 48/9 (1998), 518-21.

<sup>178</sup> Doherty, *Radicals for Capitalism*.

<sup>179</sup> F. A. Harper to Charles Koch, May 12, 1969, Box 70, Folder 16 Hoiles, R. C., F. A. Harper papers, Hoover Institution Archives.

and devotee of Bastiat, Hoiles funded the translation and publication of Bastiat's *Economic Sophisms and Harmonies of Political Economy* and advertised the volumes through his Register Publishing Co.<sup>180</sup> Chrysler economist John Scoville endorsed another Bastiat translation, *Social Fallacies*, "the most prized book in (his) library" and "the bible of all who believe in human liberty."<sup>181</sup> Rose Wilder Lane, a widely read conservative author in her own right, wrote that she wished she "had read Bastiat forty years ago."<sup>182</sup>

FEE's founding vice president, economic journalist Henry Hazlitt took the one lesson of his 1946 book *Economics in One Lesson* from Bastiat's pamphlet "Ce qu'on voit et ce qu'on ne voit pas," often translated as "(On) That Which is Seen and Not Seen."<sup>183</sup> Hazlitt modernized, extended, and generalized what he called "The Broken Window" chapter to argue that the "art of economics" was looking at consequences unseen due to shortsightedness, or selfishness.<sup>184</sup> In Bastiat's telling, a shopkeeper's careless child breaks a window; while the cracked pane of glass and its repair are seen, the new shoes or book the shopkeeper would have otherwise bought are not. Contemporary commentators translate Bastiat's parable as opportunity cost. However, "(On) That Which is Seen and Not Seen" has changed meaning several times in the context of its application.<sup>185</sup> In Hazlitt's time, the American political economy canon grouped Bastiat and Jean Baptiste Say together as French "optimists" who believed in harmony between classes.<sup>186</sup> After

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<sup>180</sup> Back cover of L. E. Read, *Pattern for Revolt* (New York: Press of Joseph D. McGuire, 1948).

<sup>181</sup> *Ibid.*

<sup>182</sup> *Ibid.*

<sup>183</sup> Doherty, *Radicals for Capitalism*.

<sup>184</sup> A "hoodlum" broke the window in Henry Hazlitt, *Economics in One Lesson* (New York, 1946), 12.

<sup>185</sup> Nineteenth-century economists studied a political economy text that used Bastiat's imagery of sight to make an anti-protectionist point, Wayland and Chapin's *The Elements of Political Economy*. Thomas Nixon Carver cited this Bastiat parable in a textbook section defending the stimulative economic effects of luxury good purchases.

<sup>186</sup> For example, Ernest Teilhac, *Pioneers of American Economic Thought in the Nineteenth Century* trans. E. A. J. Johnson (New York, 1936). Robert L. Heilbroner, *The Worldly Philosophers: The Lives, Times, and Ideas of the Great Economic Thinkers* (New York, 1953). Sidney Fine, *Laissez Faire and the General-Welfare State: A Study of Conflict in American Thought, 1865-1901* (Ann Arbor, MI, 1956).

Say's law that supply creates its own demand broke down during the Great Depression, political and business leaders cited Bastiat to deny increasing returns to public spending: destruction did not lead to production.<sup>187</sup> Hazlitt and the Foundation for Economic Education deployed "The Broken Window" to disprove the existence of a Keynesian multiplier and to reject industrial and public sector workers' demands for private contracts and public goods. With a grant from the Volker Fund, the Foundation for Economic Education offered free copies of Hazlitt's book and an accompanying study guide to 21,850 high school superintendents and principals.<sup>188</sup>

These paths of quotidian knowledge creation converged as FEE hired journalists to interpret economists, fostering a publishing community in which small-town journalists could meet big league conservatives. A Committee for Constitutional Government member, the journalist John Chamberlain, became editor of *The Freeman* magazine just before its transfer to FEE. A joiner, Chamberlain sat on the executive committee of the anti-urbanist Decentralist Conference during the 1940s alongside another journalist, the agronomist and conservationist Elmer T. Peterson, who wrote inventively in the Oklahoma City paper the *Daily Oklahoman*.<sup>189</sup> Peterson and his Great Plains circle became involved with the Committee for Constitutional Government through another journalist, Felix Morley, the former *Washington Post* editor, Haverford College president, and prolific conservative writer.<sup>190</sup> While his work did not make its way into the magazine until a 1958 co-authored piece, Peterson had known FEE founder Read for years.<sup>191</sup> During a two-day

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<sup>187</sup> Hazlitt, *One Lesson*. V. Orval Watts, *Do We Want Free Enterprise?* (Los Angeles, 1944).

<sup>188</sup> Folder Promotion by FEE 1953-63, Box 22, Fairchild papers.

<sup>189</sup> Willis D. Nutting to Peterson, January 20, 1947, Box 1, Folder Correspondence re: Decentralization, ETP.

<sup>190</sup> Peterson implied his long friendship with Morley began in the late 1920s. ETP, "Warning Signals Are Coming Fast," *The Daily Oklahoman* (November 27, 1949), 24-A.

<sup>191</sup> Later, a friend and Kansas journalist told Peterson he should write for FEE's *The Freeman* which shot "down your alley with both barrels in each issue." Though undated, Zimmerman's note referenced Peterson's October 29th *Saturday Evening Post* editorial, surely "The Earth is Nature's Own Storage Tank," *SEP* 228/18 (1955), 12. Box 3, Folder Letters from Phil Zimmerman, ETP papers. ETP and Norman Whitehouse, "The Battle For the Inner Man," *The Freeman* 8/7 (1958), 39-43. See selections cited above from Leonard E. Read Journal, FEE, (May 5-6 and August 8, 1952), <https://history.fee.org/leonard-read-journal/>.

“clergyman’s seminar” in Oklahoma City, Read and his former Los Angeles Chamber of Commerce lawyer visited Peterson and pitched Read’s piece “The Libertarian Candidate” for a *Daily Oklahoman* column.<sup>192</sup>

Small-town journalists like Peterson could print ideology in local newspapers like the *Daily Oklahoman* published by activist members of national conservative business networks. A member of the Newcomen Society of North America like NAM’s Henning Prentis, the pioneer publisher E. K. Gaylord had vertically integrated his communications corporation, buying a railroad to deliver newspapers, and television and radio stations to broadcast the news. Gaylord promoted the 1944 re-election of an anti-union school board in the pages of his influential newspaper the *Daily Oklahoman*. When Oklahoma City teachers organized a union, the school board had forced them to sign yellow dog contracts and fired those who refused. An American Federation of Teachers organizer wrote Gaylord that the national federation would combat the yellow dog contract, and publicized its commitment, distributing 1,000 copies of his letter to Oklahoma teachers, issuing press releases, and talking to *Daily Oklahoman* reporters.<sup>193</sup> After his public fight with union teachers, Gaylord joined NAM’s Committee on Cooperation with Education, convened in the late 1930s and first chaired by Henning Prentis, Jr., later Lamot du Pont.<sup>194</sup> Gaylord’s membership signaled the Committee on Cooperation with Education was done cooperating with education.

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<sup>192</sup> Jim Ingebretson, lawyer to the U.S. Chamber of Commerce and Spiritual Mobilization, would soon become president of the religious organization popular with southern California Christians and conservative funders across the country. Guide to the James C. Ingebretsen Papers, prepared by student processors and revised by Anna Fleming and Paige Kosa, 2019, Special Collections and University Archives, University of Oregon.

<sup>193</sup> Folder AFT Correspondence, Sept.-Dec. 1944, Box 3, Arthur Elder Papers. Archives of Labor and Urban Affairs, Wayne State University, Detroit, MI.

<sup>194</sup> Committee--Cooperation with Education Trends April--June, 1946, Box 270, NAM. Committee on Education Cooperation, 1939, Box 274, Series I, NAM.

*Daily Oklahoman* journalist Elmer T. Peterson created a new entry in the pantheon of economic theorists deployed for the conservative ascendancy. Peterson attributed a quote about the inevitability of bankruptcy in a democracy to a forgotten Scottish historian, updating long-standing critiques of urban machine politics for a new era of industrial and professional unionism. Peterson introduced Alexander Fraser Tytler twice in the *Daily Oklahoman*: first in 1948 as a professor at Edinburgh University, and more lastingly in 1951 as a “somewhat obscure Scotsman.”<sup>195</sup> Between Tytler mentions in the *Daily Oklahoman*, Peterson identified an “old, old pattern” that lead to despotism and slavery, as in “ancient Rome:” money from the “public treasury” made people helpless and the state indebted.<sup>196</sup> Peterson conveyed some of the Scottish Lord’s skepticism of democracy, but appended a suspicion of government spending that appears nowhere in the original.

A democracy cannot exist as a permanent form of government. It can only exist until the majority discovers it can vote itself largess out of the public treasury. After that the majority always votes for the candidate promising the most benefits with the result the democracy collapses because of the loose fiscal policy ensuing, always to be followed by a dictatorship, then a monarchy.<sup>197</sup>

Editorialists like Peterson feared a “mortal danger facing western culture,” particularly from public employees.<sup>198</sup> Peterson quoted urban planner Lewis Mumford’s stage of city development the “tyrannopolis,” where “politics becomes competition for the exploitation of the municipal and state exchequer by this or that class or group,” leading to ‘municipal and state bankruptcy and loss of autonomy.’<sup>199</sup> Quoting the same unnamed but “esteemed Oklahoma

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<sup>195</sup> ETP, “Courage! Better Signs Are Visible,” *The Daily Oklahoman* (October 20, 1948), 19. ETP, “The Republican Party: It Must Pursue a Doctrine of True Liberalism, Writer Says,” *The New York Times* (December 26, 1948), E6. ETP “This Is the Hard Core of Freedom,” *The Daily Oklahoman*, December 9, 1951, 12A.

<sup>196</sup> ETP, “Not A Brave New World,” *The Daily Oklahoman*, (July 11, 1949), 14.

<sup>197</sup> Peterson, “Hard Core.”

<sup>198</sup> *Ibid.*

<sup>199</sup> Quoted in Peterson, *Forward to the Land*, 79. In a nod to the German writer and teacher Oswald Spengler, Mumford described the stage, a combination of his mentor Patrick Geddes’ own “Parasitopolis” and “Pathopolis,” in a book section on the “Cycle of Growth and Decay.” Lewis Mumford, *The Culture of Cities* (New York, 1938).

correspondent” who introduced him to Tytler and told him to “take the ballot away” from selfish voters to save the country from communism, Peterson himself noted the founding fathers had done just this by denying voting rights to “government employees” resident in Washington, D.C.<sup>200</sup> One of Peterson’s favorite lines cited government employment statistics from Dunn and Bradstreet as evidence that politicians purchased votes.<sup>201</sup> Here, Peterson elaborated on NAM economist Noel Sargent’s “Bribes to Voters” quote about politicians buying votes by providing public benefits. Later, when *The Freeman* provided the “ominous air of credibility” Peterson saw in Tytler, the *Daily Oklahoman* quoted both Peterson’s and NAM leader Henning Prentis’s Tytler.<sup>202</sup> Borrowed and repurposed ideas began to circulate under their own momentum.

A description of Tytler as an eighteenth-century moral philosopher writing on Athenian or Greek democracy first appeared at the end of a 1961 article “The Conscience of the Majority” by Leonard Read in *The Freeman*.<sup>203</sup> Before it was an article, Read’s argument about the dangers of a conscienceless majority was a speech to an Oklahoma City crowd at the end of 1960.<sup>204</sup> Peterson was there, and like Carver all those years before in Los Angeles, could very well have approached Read after to tell him who he sounded like. Someone surely read the Scottish professor’s books and noticed the quote was missing. Now, the internet allows everyone from University of Edinburgh librarians to the voice actor Loren Collins, whose website hosts the popular essay “The Truth About Tytler,” to correct the record.<sup>205</sup>

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<sup>200</sup> “Courage! Better Signs.”

<sup>201</sup> ETP, “The Old Schmoos Gets the Voters”, *The Daily Oklahoman* (June 29, 1949), 20. ETP, “Eisenhower Sounds Note,” *The Daily Oklahoman* (December 5, 1949), 18.

<sup>202</sup> ETP, “Bloody War Between Tweedledee And Tweedledum Coming in ’68,” *The Daily Oklahoman*, (December 16, 1964), 20. “Democracy’s Fatal Defect,” *The Daily Oklahoman* (April 21, 1969), 12. ETP, “Bloody War Between Tweedledee And Tweedledum Coming in ’68,” *The Daily Oklahoman*, (December 16, 1964), 20.

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<sup>204</sup> ETP, “Leonard Read Fills Large Gap In Speeches on National Issues,” *The Daily Oklahoman* (November 23, 1960), 10. ETP, “Real Freedom Newly Realized,” *The Daily Oklahoman* (December 18, 1960), 24.

<sup>205</sup> For example, LibertyTree, “Questionable Sir Alex Fraser Tytler Quote,” <http://libertytree.ca/quotes/Alex.Tytler.Quote.4272>. Collins, “The Truth.”



Read may not have cared that the Tytler quote was too good to be true. Peterson, after all, had followed Read's own process: ideas shared amongst the right people repeated until they became timeless. An insider account of the Foundation for Economic Education described the way Read made economic knowledge: dinner party talk would appear in the Foundation's newsletter, then a small-town newspaper, then a national periodical like the *Saturday Evening Post*, where anyone could read Read's idea and cite it back to him.<sup>206</sup> Newspaper chains owned by the Hoiles and Pulliam families and businesses like General Electric freely distributed FEE publications.<sup>207</sup>

That the Bastiats and Tytlers were available was a result of Read's program of education. In a draft "Proposal for the Spread of Economic Knowledge," perhaps written by Read and sent to Carver for review, or perhaps it was the other way around, the anonymous author found the "hope of democracy" in the economist who "must convince a majority of the voters before anything constructive can be done."<sup>208</sup> Rather than advise a dictator or teach in a classroom, the professional or lay economist would reach voters in their "homes, shops and farms." Read's *The Freeman* article spread Peterson's apocryphal quote in much the same way Pamphleteers, Inc. and the Foundation for Economic Education shared Bastiat's parables.<sup>209</sup> Thanks to Prentis', Sargent's Carver's and Peterson's interpretations and inventions, voters could cite seemingly timeless wisdom rather than the depression-era metaphor of a family on a household budget, tightening belts to avoid debt. Keystone institutions of the conservative movement spread fake fiscal ideas at the same time conservative businesses shut down publicly-funded labor education.

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<sup>206</sup> Doherty, *Radicals for Capitalism*, 166

<sup>207</sup> Read left publishing rights unreserved. Doherty, *Radicals for Capitalism*. Phillips-Fein, *Invisible Hands*.

<sup>208</sup> Unsigned precis beginning "A Proposal" Box 4, Folder 2, TNC UCLA.

<sup>209</sup> Leonard Read Journal, FEE (May 5-6 and August 8, 1952), 98. ETP, "Inflation the Same As 'Funny Money,'" *The Daily Oklahoman* (April 22, 1951), 26.

## **The Repression of Labor Education, and the Rise of the CIO in School Finance Politics**

Labor union dues could not fund the same ambitious educational program as business donations but public funding briefly supported labor education. The University of Michigan accepted the state legislature's appropriation for a new Workers' Educational Service in 1944 under the directorship of Arthur Elder, the American Federation of Teachers' (AFT) tax expert and a former Detroit teacher.<sup>210</sup> The public university had previously declined a Detroit research bureau director's proposal for a School of Public Affairs; however, the university's publicly-elected board was open to influence by business. When General Motors attacked the Workers' Educational Service's unsound economics, the corporation successfully persuaded the university to end labor extension programming. Administrators and board members cut labor out to preserve political support and state funding for education. In the process, teachers lost their own tax expert and the United Automobile Workers (UAW) became increasingly involved in school finance by the 1960s, where Chapter 3 "The Detroit Cases" begins.

Elder coordinated with the UAW on labor's preferred tax policy and extension courses. Elder, who received his master's degree in government from Wayne State University, wrote a thesis on the effects of fifteen mill limitation on Michigan schools, and his recommendations for reforming school finance.<sup>211</sup> Since founding the Michigan Federation of Teachers in 1935 to lobby for state aid to public education after property tax limitation, Elder had been an unwavering advocate of funding schools with progressive income taxes. On the occasion of the Detroit mayor appointing Walter Reuther to a city finance committee, Elder counseled the then-UAW vice

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<sup>210</sup> LDU to Red, August 19, 1935, Folder J-M, Box 40, DBGR. Miller was sorry the "U. of M. negotiations had about collapsed." Red to Up, June 10, 1936, Folder J-M, Box 40, DBGR. The Michigan Experimental Program in Adult Education (Act 46 of the Public Acts of 1944) allocated \$25,000 to \$35,000 per year to the WES. Thomas E. Linton, "A Descriptive Analysis of the Factors Involved in the Closing of the Workers Education Service at the University of Michigan (1944-1948)," Folder Linton Commission of Inquiry on the WES, WES.

<sup>211</sup> Arthur A. Elder, "Some Problems In Michigan Taxation," (Master's thesis, Wayne State University, 1946), Folder M. A. Thesis 1949, Box 17, AE papers.

president that financing government was the most important area to have labor representation.<sup>212</sup> At the teacher union leader's instigation, Reuther designated an alternate rather than decline the position.<sup>213</sup> Elder believed state action was necessary to resolve the city's problems, and requested the UAW redirect a wayward state tax commission with a statement from union officers or a resolution from union members.<sup>214</sup> A conference on taxation would publicize labor's position, and if unions requested it, Elder could promote the conference through the Workers' Educational Service.<sup>215</sup>

Elder also solicited advice from prominent public finance economists to influence taxation. Elder was a member of the AFT executive committee from 1937 until his untimely death in 1953.<sup>216</sup> As chairman of the AFT's Committee on Taxation and School Finance, Elder recruited University of Wisconsin economist Harold Groves as a committee member in 1943.<sup>217</sup> At the same time, Groves advised the Committee for Economic Development.<sup>218</sup> Elder also moved between labor unions and moderate organizations. Well-versed in professional tax debates, Elder was a member of the National Tax Association of professionals and practitioners, and corresponded with economists, including Walter Heller, a professor at the University of Minnesota and prominent economic policy advisor. A 1946 Workers' Educational Service conference,

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<sup>212</sup> Arthur A. Elder to Mr. Walter Reuther, August 10, 1944, Folder Elder – CIO Correspondence 1944, Box 7, AE papers.

<sup>213</sup> Walter P. Reuther to Arthur, August 14, 1944, Folder Elder – CIO Correspondence 1944, Box 7, AE papers.

<sup>214</sup> Arthur A. Elder to Walter, September 6, 1944, Folder Elder – CIO Correspondence 1944, Box 7, AE papers.

<sup>215</sup> Arthur A. Elder to Walter, December 6, 1944, Folder Elder – CIO Correspondence 1944, Box 7, AE papers.

<sup>216</sup> With the exception of 1951.

<sup>217</sup> Elder, who had long done much of the committee's work behind the scenes, replaced the president of the Los Angeles teachers union when the AFT expelled the local over alleged communist ties. <>, Box 81, 133, Selma Borchardt Papers. Archives of Labor and Urban Affairs, Wayne State University, Detroit, MI.

<sup>218</sup> The other committee members were Harold Battle of Indiana, Samuel Goldstein of Ohio, Abraham Lefkowitz of New York, and O. Ulrey of Michigan State College. Harold M. Groves to Mr. Elder, February 3, 1943; Irvin R. Kuenzli to Arthur Elder, January 11, 1943, Folder AFL Taxation and School Finance, Box 17, AE papers.

“Problems in Taxation and Finance,” featured Heller speaking on Federal-State Tax Relations and officials from the Michigan Department of Revenue and the Michigan State Tax Commission.<sup>219</sup>

Teachers and industrial workers often disagreed over when to redirect sales tax revenue—to schools, or cities—and when to lower the tax burden, by exempting food or repealing regressive taxes. To some extent, the Workers’ Educational Service built common ground: one attendee at the 1946 conference “Problems in Taxation and Finance” complimented Elder on the “spirit of cooperation which existed between the A.F.L. and the C.I.O. groups” otherwise at odds until their 1956 merger.<sup>220</sup> However, the AFL refused to join the CIO in preparing a petition drive to lower the gas tax during the summer of 1951 when Teamsters president Jimmy Hoffa decided not to get involved.<sup>221</sup>

Teachers organizations also disagreed about the sources of education funding. A member of the AFL, the AFT pushed the craft union left on taxes while the CIO challenged the NEA’s support of sales taxes for school funding.<sup>222</sup> The CIO’s Department of Education and Research slipped up and distributed the NEA’s pamphlet “A New Frontier for Labor Organizations,” printed by a non-union shop no less.<sup>223</sup> In addition to cleavages based on race and religion, the economic idea of human capital drove a wedge between the NEA and the AFT when it came to federal aid to education.<sup>224</sup> Economist Harold Groves supported the AFT’s campaign for federal aid to

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<sup>219</sup> Undated agenda on U of M WES letterhead for “Problems in Taxation and Finance,” Folder 7 Sales Tax 1946, Box 117, Michigan AFL-CIO Records, 1930, Archives of Labor and Urban Affairs, Wayne State University, Detroit, MI.

<sup>220</sup> Frederick H. Harbison, Executive Secretary, Industrial Relations Center, University of Chicago to Arthur Elder, undated, Folder Correspondence 1945-1948, WES.

<sup>221</sup> Folder 11 Clippings, 1951—Gas Tax, Box 150, Michigan AFL-CIO Records.

<sup>222</sup> Arthur A. Elder to Dr. William Withers, Queens College, April 12, 1942, Folder AFL Taxation and School Finance, Box 17, AE papers.

<sup>223</sup> Bill Kemsley, Education Director to Kermit Eby, June 14, 1945, Folder CIO 1945-1946, Box 9, AE papers.

<sup>224</sup> During the Great Depression, teachers fought for schools’ share of new state sales and income taxes and received federal aid in many temporary forms: Reconstruction Finance Corporation loans, Federal Emergency Relief Act grants, Civilian Conservation Corps programs for remedial education, subsidies for property taxes lost due to wartime conversion of industrial plants to military use. Laura Holden and Jeff Biddle, “The Introduction of Human Capital Theory into Education Policy in the United States,” *History of Political Economy* 49, no. 4 (2017): 537-74.

education, advising Elder to emphasize educational need over minimum standards but generally recommending compromise.<sup>225</sup>

The Workers' Educational Service could also draw on the AFT's membership base among university professors for instructional material. A number of instructors and professors had joined the AFT during its 1916 founding, or started locals during the 1930s when state legislatures required loyalty oaths and university administrations and boards attacked professors' academic freedom.<sup>226</sup> Moreover, university locals supported K-12 teachers' salary demands during Depression-era budget cuts. Professors were also policy experts for labor. For example, a professor of journalism at the University of Michigan, the president of the state of Michigan's AFT affiliate, prepared a strip film for the AFT advocating federal aid.<sup>227</sup> Economists such as the labor economist and CIO research and education director John R. Walsh, Marxist theorist Alan R. Sweezy, and public finance economist Harold Groves were all members of the AFT during the 1930s.<sup>228</sup> Indeed, Groves chaired the AFT's Finance Committee, and wrote for its magazine.<sup>229</sup>

In the short-term, Elder was more of a threat to business taxpayers as a member of a teachers union than as its tax expert. Detroit teachers joined the post-WWII strike wave, walking out in 1947. A teacher unionist later recalled that the school board had been "made up of businessmen whose prime concern was to maintain low property taxes, and particularly low business taxes."<sup>230</sup> However, the city council had the authority to set the school budget at the time. After the city council raised teachers' salaries, business groups feared they would have to switch

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<sup>225</sup> Harold M. Groves to Mr. Elder, January 26, 1944, Folder Federal Aid 1944, <> AE papers.

<sup>226</sup> Kelly Goodman, "Education as Capital: Disciplinary Boundaries During the 1930s," working paper.

<sup>227</sup> Wesley H. Maurer, "Federal Aid to the States for Education," undated, Folder Federal Aid 1944, <>.

<sup>228</sup> Goodman, "Education as Capital."

<sup>229</sup> Harold M. Groves, "Taxation for Schools," *American Teacher* xx, no. 4, May-June, 1936.

<sup>230</sup> Riordan Oral History, 31.

the council from at-large city districts to neighborhood wards to limit labor's influence.<sup>231</sup> Instead, business leaders supported a successful state legislative ban on public worker strikes.<sup>232</sup>

Elder wanted participants in Workers' Educational Service programs to become better union members and leaders, as well as better citizens and communicators.<sup>233</sup> In 1947, thousands of people attended classes, forums, conferences, institutes, lectures, and screenings.<sup>234</sup> Courses ranged from parliamentary procedure, shop steward training, and collective bargaining to state and federal legislation and social philosophy.<sup>235</sup> Some classes were held in union halls while a UAW educator taught a crucial economics course at the University of Michigan's Rackham Memorial building in Detroit.<sup>236</sup> Inspired both by American agricultural extension and British labor education, the Workers' Educational Service was voluntary, inclusive, and responsive to students' needs and interests. Before the GI bill opened higher education to veterans of all classes, the University of Michigan's president visited England to learn from the country's experiment in adult education. Success, the president determined, depended on cooperation between universities and unions. Faculty oversaw teacher selection and teaching methodology but Elder and his Detroit office staff did not always clear hires by the university.

In the spring of 1948, a General Motors economist and several Michigan Bell Telephone personnel managers sat in on the course "Economics For Workers" led by a former Detroit

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<sup>231</sup> The state turned over financial authority to the Detroit Board of Education in 1949 but failed to extend bonding powers at the same time. The UAW's local lawyer Abraham Zwerdling led the Detroit chapter of Americans for Democratic Action (ADA) in passing a 1949 school construction millage. This auspicious election year also swept the first labor leader to sit on the Board of Education into office: the president of the Pipe Fitters Union, Local 636, and an ADA member. Mirel, *The Rise and Fall of an Urban School System*.

<sup>232</sup> Louis E. Jones, "The Rise of Public Sector Unionism in Detroit, 1947-1967" (Ph.D. dissertation, Wayne State University, 2010).

<sup>233</sup> Kerrison, *Workers' Education at the University Level*, 38.

<sup>234</sup> WES measured a cumulate attendance of 65,000 while Linton estimated 5,000 to 6,000 individuals.

<sup>235</sup> Linton report, 2.

<sup>236</sup> President Ruthven, Provost Adams, Robert P. Briggs, Marvin L. Niehuss, Herbert G. Watkins to the members of the Board of Regents, September 21, 1948, Folder September 24, 1948 E-P, Box 60, UMBR.

Federation of Teachers member then on the UAW Educational Department staff.<sup>237</sup> During each class, the instructor shared a pamphlet from a different labor union, including two of the UAW's—"The Economics of Inflation" and "Prices"—with cartoons mocking capitalists. The General Motors president was upset by a cartoon in one UAW pamphlet depicting him as an overweight observer of a bullfight, watching inflation (the bull) rampage workers and shouting "More! More!"<sup>238</sup> Writing in defense of the UAW teacher that General Motors surely was not "a guardian of public thought," the Michigan Committee on Civil Rights received a response from the company's president: "personal insults of me and my own position...are inexcusable on the part of any tax-supported institution and teacher."<sup>239</sup> The telephone company personnel managers who were not singled out thought the course was valuable, not subversive.<sup>240</sup> Elder later admitted that the pamphlets may have been a mistake, but maintained the course was based on the U. S. president's annual economic report.<sup>241</sup> At the time, Elder called General Motors' economist a plant, and claimed the corporation was "trying to destroy this program and other similar programs throughout the country."<sup>242</sup>

After two classes, General Motors decided public money funded the teaching of communist doctrine, and escalated quickly. In a hearing on federal aid to workers' education before the U.S. House Committee on Education and Labor, General Motors' economist testified that the Workers' Educational Service taught Marxist ideas.<sup>243</sup> To a local newspaper, the University of Michigan

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<sup>237</sup> Samuel Jacobs, also a former Officer of Price Administration staffer, taught. Adam K. Stricker, Jr. was GM's economist.

<sup>238</sup> Linton report, Footnote 37, 10.

<sup>239</sup> C. E. Wilson quoted in "The Story of Workers Educational Service," Folder Bulletins, WES.

<sup>240</sup> Linton report, 10.

<sup>241</sup> Irvine L. H. Kerrison, *Workers' Education at the University Level* (New Brunswick, NJ: Rutgers University, 1951): 6, 31-32 cited in Linton, 10.

<sup>242</sup> Arthur Elder quoted in *Detroit News*, May 20, 1948 cited in Kerrison, 11.

<sup>243</sup> May 19, 1948.

president noted “Everything that someone doesn’t like seems to be construed as Marxism.”<sup>244</sup> Rather than address the issue with the instructor or university administrators, General Motors executives verbally complained to Michigan’s governor. In a gubernatorial and presidential election year, the controversy over labor education became a campaign issue, covered extensively in the press and with increasing vitriol. UAW education director Victor Reuther told union locals “that the great General Motors Corporation doesn’t want workers to be educated.”<sup>245</sup>

Publicly-supported workers’ education was a departure for the labor movement and the university. As recently as the 1930s, UAW leaders trained at New York’s private Brookwood College where labor could control the curriculum. By contrast, Michigan’s flagship public university offered extension courses like a 1947 Foremen’s Institute that showed a General Motors film the foremen’s union called “fascist” and featured an anti-labor public relations spokesman.<sup>246</sup> In 1948, the University of Michigan established a real estate program, with a Real Estate Board member in charge. At the same time the university investigated the Workers’ Educational Service for bias, it announced the business school would train undergraduates for careers in chambers of commerce, after a request by the Michigan State Chamber of Commerce.<sup>247</sup>

Labor unions defended the Workers’ Educational Service by discrediting the right and dissociating the program from the reds. As the University of Michigan deliberated about Elder’s future, the acting U.S. secretary of labor wrote in support of “one of the most comprehensive programs” of workers’ education in the country.<sup>248</sup> Everyone from a director of labor education programs in Georgia, to conservative labor leaders from Kentucky and New York professors wrote

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<sup>244</sup> Alexander G. Ruthven quoted in *The Detroit Free Press*, May 20, 1948 cited in Kerrison, 31.

<sup>245</sup> State of Victor Reuther to UAW locals, September 29, 1948 quoted in Linton report, 13.

<sup>246</sup> T. Bonaventura, Secretary-Treasurer, Foreman’s Association of America to Dr. Alexander G. Ruthven, August 30, 1948, Folder September 24, 1948 E-P, Box 60, UMBR.

<sup>247</sup> W. K. Kelsey, *The Detroit Times*, May 21, 1948 cited in Kerrison, *Workers’ Education at the University Level*, 32.

<sup>248</sup> John W. Gibson to A. G. Ruthven, August 10, 1948, Folder September 24, 1948 E-P, Box 60, UMBR.



the University of Michigan president in support of Elder's program. Contrasting its own members' experience of the "Economics for Workers" course with that of paid company spies, the Communication Workers of America reminded the Board of Regents that General Motors' espionage had been discredited by the La Follette Committee a decade before.<sup>249</sup> The United Steelworkers argued that since "red" labor groups were "bitterly opposed to workers' education, particularly workers education openly under public auspices" it was General Motors that gave "aid and comfort to the real subversives."<sup>250</sup> The university's own officers believed workers' education might "come into existence as the servants of special interests" if not run by established educational agencies.<sup>251</sup>

These protests were to no avail: the University of Michigan's board fired Elder. During a special session of the university board called by the Michigan governor at the behest of General Motors, the president of a paper company introduced a motion to suspend new programs while administrators studied and reported on the Workers' Educational Service.<sup>252</sup> Eight Republican trustees unanimously voted to suspend courses that June and again in September. In between, General Motors shared a memo with the Michigan Manufacturers' Association, which likely directed business lobbyists to contact state legislators.<sup>253</sup> Observing an attempt to cut the University of Michigan's public funding, its officers recommended trustees either support the program or end it. Had the matter "not been thrown into the arena of public discussion," the officers would have recommended Arthur Elder continue as director of a reorganized and redefined

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<sup>249</sup> Helen Berthelot, Secretary-Treasurer, CWA Michigan Division 44 to Dr. Alexander G. Ruthven, August 31, 1948, Folder September 24, 1948 E-P, Box 60, UMBR.

<sup>250</sup> Glen E. Sigman, Field Representative, USA-CIO to Dr. Alexander G. Ruthven, August 24, 1948, Folder September 24, 1948 E-P, Box 60, UMBR.

<sup>251</sup> President Ruthven, Provost Adams, Robert P. Briggs, Marvin L. Niehuss, Herbert G. Watkins to the members of the Board of Regents, September 21, 1948, 3, Folder September 24, 1948 E-P, Box 60, UMBR.

<sup>252</sup> Draft Minutes A-E, June 11, 1948, University of Michigan Board of Regents, Bentley.

<sup>253</sup> President Ruthven, Provost Adams, Robert P. Briggs, Marvin L. Niehuss, Herbert G. Watkins to the members of the Board of Regents, September 21, 1948, 4, Folder September 24, 1948 E-P, Box 60, UMBR.

service.<sup>254</sup> However, in “a field of activity which is highly sensitized to fear of undue influence” Elder had “not been sufficiently discerning to anticipate and avoid justifiable criticism.”<sup>255</sup> In October 1948, the Board of Regents combined the Workers’ Educational Service with another academic unit and eliminated Elder’s position.<sup>256</sup> Union members boycotted courses, and the program ended in February 1949.

By attacking Elder, a leading labor educator, companies attacked workers education in general. In 1947, Elder had run a Labor Education Service in the U. S. Department of Labor, where he worked part-time on teaching materials, surely drawn from the Workers’ Educational Service.<sup>257</sup> That same year, Elder served on the executive committee of the American Labor Education Service.<sup>258</sup> Despite his national influence, Elder lacked local support. The advisory committee of the Workers’ Educational Service, including university professors and representatives from the Michigan Congress of Industrial Organizations and the Michigan Federation of Labor, had no say in the university’s decision to terminate Elder. A civil rights group launched its own investigation into the University of Michigan Board of Regents’ “star chamber methods” but was unable to pressure the university or governor to so much as meet.<sup>259</sup> The state civil rights group recruited members from across the country for a Commission of Inquiry on the Workers Educational Service.

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<sup>254</sup> Ibid, 6-7.

<sup>255</sup> President Ruthven, Provost Adams, Robert P. Briggs, Marvin L. Niehuss, Herbert G. Watkins to the members of the Board of Regents, September 21, 1948, 6, Folder September 24, 1948 E-P, Box 60, UMBR.

<sup>256</sup> One trustee voted no, fearing the motion would abolish the Workers’ Educational Service. In addition to the story of external pressure, internal university politics—the provost angled for the president’s job—contributed to the breakdown of a compromise labor leaders and university administrators were negotiating for a dignified exit for Elder and new leadership for the program. A. K. Stevens hand-written notes on Linton report, 18. However, the Board of Regents’ meeting minutes show that a committee of the board and provost voted to eliminate Elder’s position. Conable. Notes of Meeting of October 16, 1948, Folder October 16, 1948 Draft Minutes A-N, Box 61, University of Michigan Board of Regents collection, Bentley Historical Library hereafter UMBR.

<sup>257</sup> Kerrison, *Workers’ Education at the University Level*, 107.

<sup>258</sup> Digest of Minutes, Meeting of the Executive Committee of the American Labor Education Service, November 30, 1948, Folder AFL Education Service 1948-49, Box 1, AE papers

<sup>259</sup> <WES>

As Elder moved on from Midwest tax and school politics, the UAW stepped up. At the Midwest Workers' Education Conference weeks after the University of Michigan fired him, Elder presented on a panel titled "How Far Can New Educational Needs of Trade Unions Be Met Through the Cooperation of Universities and Colleges."<sup>260</sup> The UAW instructor who shared the objectionable cartoons was invited to attend, and by the next such conference, spoke on a similar panel focused on current programs.<sup>261</sup> The UAW's education director convened a steering committee to plan a Workers' Education Association of Michigan in the new year.<sup>262</sup> The UAW circulated its own publications, and for three short years, ran a radio station which it gifted to Detroit's Wayne State University.<sup>263</sup> By March 1949, American Federation of Labor secretary-treasurer George Meany put Elder on the payroll of the craft union, which ran a Workers' Education Bureau.<sup>264</sup> Continuing to work as a labor educator, Elder directed the International Ladies' Garment Workers' Union's training institute, headquartered in New York.<sup>265</sup>

Elder thought moderating radicalism in teachers' own ranks would build consensus but underestimated reaction from the right. Allied with Detroit unions like the UAW attempting the same exclusion of communism and tolerance of socialism, Elder could never do enough to satisfy influential anti-union employers. Filling the gap left by the end of workers' education, businesses, trade associations, and organizations for economic education invited teachers and students to privately-funded talks, exchanges, and tours. Establishing trust with education was a necessary

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<sup>260</sup> Conference of Professional Workers Agenda, Milwaukee, WI, November 11-12, 1948, Folder AFL Education Service 1948-49, Box 1, AE papers

<sup>261</sup> Sam(uel) Jacobs. Midwest Workers' Education Conference Flyer, Milwaukee, WI, November 13-14, 1948; Annual Washington's Birthday Workers' Education Conference, The New School for Social Research, February 26-27, 1949. Folder AFL Education Service 1948-49, Box 1, AE papers

<sup>262</sup> Victor G. Reuther to Art, February 18, 1949, Folder CIO 1949, Box 9, AE papers.

<sup>263</sup> In 1952. <http://reuther.wayne.edu/node/10634>

<sup>264</sup> George Meany to Arthur A. Elder, March 30, 1949, Folder AFL March 1949, Box 1, AE papers.

<sup>265</sup> The autoworkers and garment workers ran the most intensive labor education programs during the 1940s. The United Electrical workers also ran programs, which attracted conservative backlash for their left politics. Fones-Wolf, *Selling Free Enterprise*.

condition for teachers and their students to believe businessmen's economics, thought the CED and Ford Foundation board member who solicited business donations to private colleges and universities during the 1950s.<sup>266</sup> However, teachers like Elder believed NAM and the U. S. Chamber's programs were propaganda that "carried to their logical conclusion would mean the end of the free public schools." After the controversy in Michigan, Elder was skeptical that labor groups should do much more than press for labor's inclusion in the curriculum or representation on school boards and library committees. Labor simply did not have the "monetary resources or personnel to compete with industry sponsored programs which are so largely financed through tax exempt funds contributed largely by workers as consumers."<sup>267</sup>

Elder's fellow Detroit union leaders picked up his tax work, bringing the AFL-affiliated teachers' union school finance program into the CIO. The CIO supported federal aid to education, both for school construction and in general, in a 1950 convention resolution. In 1953, the CIO Committee on Economic Policy held a Conference on Taxation featuring papers by public finance economist Richard Musgrave and Walter Heller.<sup>268</sup> As CIO President, Walter Reuther gave a speech to the U.S. Congress on "Taxation...The Key to Mass Buying Power And Full Employment in An Expanding Economy."<sup>269</sup> At the same time, the UAW tracked support for the "Millionaire's Tax Amendment": the Committee for Constitutional Government, the American Taxpayers Association, and the Western Tax Council pushed hardest for it while the NAM endorsed it, and

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<sup>266</sup> Standard Oil of New Jersey chairman Frank Abrams cited in Fones-Wolf, *Selling Free Enterprise*, 189.

<sup>267</sup> Arthur Elder to the AFT Executive Council on January 7, 1952, Box 90, Selma Borchart Papers. Archives of Labor and Urban Affairs, Wayne State University, Detroit, MI.

<sup>268</sup> Americans for Democratic Action records, Wisconsin Historical Society.

<sup>269</sup> Folder 13 Taxes, Box 181, Michigan AFL-CIO records, Reuther library.

the Chamber backed something similar.<sup>270</sup> The American Federation of Labor also kept a watch on the Committee for Constitutional Government.<sup>271</sup>

## Conclusion

Industrial and craft workers successfully countered twenty-five percent income tax limitation with their own political—not economic—campaign on voters and politicians.<sup>272</sup> By 1957, the campaign for a “Millionaires’ Amendment” was three state resolutions short of a constitutional convention. The Committee for Constitutional Government rebranded Americans for Constitutional Action, naming itself in reaction to labor and Cold War liberals’ Americans for Democratic Action, which had gained influence in the states.<sup>273</sup> UAW Citizenship Department director Roy Reuther proposed blocking the amendment in the states with “an educational campaign in local meetings, press, radio, shops and local committees, aimed at pouring resolutions, letters and delegations on State Legislators, Governors and Members of Congress.” Instructing unionists “What to do,” Reuther advised denouncing “this or any other phony ‘limitation’ device.”

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<sup>270</sup> Undated, unsigned brief “The Millionaire’s Tax Amendment attached to a memo from Roy Reuther to the UAW International Officers, Regional and Sub-Regional Directors, Department Heads and PAC-Education Staff on December 30, 1952, Folder 12 Taxes, Box 181, Michigan AFL-CIO records, Reuther library.

<sup>271</sup> Folder AFL March 1949, Elder papers, Reuther library.

<sup>272</sup> Based in Memphis, Tennessee, the Americans for Constitutional Action leader aimed to research congressional voting records, support the election of conservative candidates for U.S. Congress, and “reinforce the working coalition between conservative Southerners and conservative Northerners.” The Americans for Constitutional Action restricted its political action to areas forbidden in the charters of “such organizations as the U.S. Chamber of Commerce and the NAM.” Americans for Constitutional Action considered creating a tax-exempt educational arm, the National Committee to Preserve the Integrity of the Constitution. Many veterans of the Committee for Constitutional Government signed on to the board, including the economic journalist Henry Hazlitt and economist Fred Fairchild; John Chamberlain was invited. Alongside Henning Prentis, other trustees included Walter B. Martin, past president of the American Medical Association, and General Robert E. Wood, the chain store executive, America First Committee founder, and Manion Forum funder, in addition to the former board chair of United Fruit. R. B. Snowden, Supplementary Report, September 1958, Americans for Constitutional Action (Robert B. Snowden) Folder, Box 2, Jasper E. Crane papers. Message from Chairman Admiral Ben <Morell>, Folder ACA, Box 2, Fred Rogers Fairchild papers. Manuscripts and Archives, Yale University Library, New Haven, CT. Philip H. Burch, “The NAM as an Interest Group.” *Politics & Society* 4, no. 1 (September 1, 1973): 97-130.

<sup>273</sup> Kevin Boyle, *The UAW and the Heyday of American Liberalism, 1945-1968* (Ithaca, NY: Cornell University Press, 1995).

Campaigning for right-to-work laws in state legislatures at the same time, anti-union businesses may also have provoked labor lobbying in state houses that carried over to fiscal measures.<sup>274</sup> After Sputnik, tax limiters did not win passage in a single legislature, although one chamber each in Rhode Island, Arizona, and West Virginia authorized a federal constitutional convention in 1958.<sup>275</sup>

Only a few business statesmen, including William C. Mullendore, Jasper Crane, Henning Prentis, and B. E. Hutchinson, were still active in economic education at the end of the 1950s.<sup>276</sup> The American Economic Foundation's founder Fred G. Clark lamented that industrial leaders were "largely among the 'victims' of the Harold Rugg textbook era when the teaching of basic economic principles was not only ignored, but purposely avoided." Using the language of the body politic, Clark identified "two malignant growths:" (1) the power enjoyed by labor leaders to compel us to obey their commands and (2) the progressive personal income tax (the 16<sup>th</sup> Amendment).<sup>277</sup> These two conditions were mutually reinforcing as the labor movement campaigned for graduated state income taxes. In part to stave off federal aid to education by demonstrating that state and local school taxes were sufficient, a new generation of auto company leaders like American Motor Company's George Romney led blue-ribbon civic commissions, for example, to fund Detroit schools in 1959.

As state and local governments in fiscal crisis during the 1950s negotiated short-term grand bargains with the business community, the labor movement pursued a long-term redistribution of

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<sup>274</sup> Elizabeth Tandy Shermer, "'Is Freedom of the Individual Un-American?' Right-to-Work Campaigns and Anti-Union Conservatism, 1943–1958" in *The Right and Labor in America* ed. Nelson Lichtenstein and Elizabeth Tandy Shermer, eds. (Philadelphia, PA: University of Pennsylvania Press, 2016): 114-136.

<sup>275</sup> R. B. Snowden to Jasper Crane, July 17, 1958, Americans for Constitutional Action (Robert B. Snowden) Folder, Box 2, Jasper E. Crane papers.

<sup>276</sup> Howard Pew, Charley Hook too.

<sup>277</sup> Fred G. Clark to William C. Mullendore, February 11, 1958, American Economic Foundation 1954-1965 Folder, Box 2, Jasper E. Crane papers.

fiscal power. Moderate civic organizations aligned with labor against business. The National Municipal League and League of Women Voters supported constitutional conventions to revise state constitutions with nineteenth-century prohibitions on progressive taxation. The League of Women Voters came to support a graduated income tax in 1957, perhaps through its many consultations with former AFT tax expert Arthur Elder. After a series of ballot initiative losses during the 1940s and 1950s—to repeal overall property tax limitation, to lower the gas tax, to exempt food from the sales tax, and to pass school taxes locally—Michigan labor unions tried to set policy through legislative redistricting, which rural interests had long blocked. By the time legislatures redrew political boundaries in the mid-1960s, suburbs gained influence at the expense of cities.

## Interlude on “the threshold of real democracy:”<sup>1</sup> Tax and Electoral Reform in the States

Part II begins in the 1960s “heyday” or “high tide” of liberalism after the United Auto Workers (UAW) and allied labor unions and liberal groups changed state fiscal and political rules.<sup>2</sup> Union membership in the private sector peaked in 1953 at just over one-third of workers; by 1964, forty-five percent of Michigan workers were unionized.<sup>3</sup> UAW president Walter Reuther was one of the ten most recognizable Americans, an advisor to Presidents Kennedy and Nixon on urban social policy.<sup>4</sup> Labor unions shared high political influence with businesses, foundations, agencies, and other groups, and also grassroots politics with the civil rights movement. The federal government opened access to education for Black students, to voting by Black citizens, to healthcare for the poor and elderly. By turns public and private, the Great Society aimed to facilitate democratic participation and decision-making, import business practices and budget processes, and increase the federal role in state affairs. Education policy during the 1960s also reflected multiple priorities as general federal aid to education went to public and private school students, and federal agencies contracted with public and private entities for evaluation and experimentation.<sup>5</sup>

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<sup>1</sup> Detroit labor lawyer Theodore D. Sachs testimony in Bayh Report, 910, quoted in “Epilogue,” J. Douglas Smith, *On Democracy's Doorstep: The Inside Story of How the Supreme Court Brought "One Person, One Vote" to the United States* (New York: Hill and Wang, 2014): <>.

<sup>2</sup> Kevin Boyle, *The UAW and the Heyday of American Liberalism, 1945-1968* (Ithaca, NY: Cornell University Press, 1995). Sidney M. Milkis and Jerome M. Mileur, eds, *The Great Society and the High Tide of Liberalism* (Amherst, MA: University of Massachusetts Press, 2005).

<sup>3</sup> 1953 figure from Leo Troy, “The Rise and Fall of American Trade Unions: The Labor Movement from FDR to RR,” in *Unions in Transition: Entering the Second Century*, ed. Seymour Martin Lipset (San Francisco, 1986): 80-84.

<sup>4</sup> Nelson Lichtenstein, *The Most Dangerous Man in Detroit: Walter Reuther and the Fate of American Labor* (New York, NY: Basic Books, 1995).

<sup>5</sup> See Nancy Beadie on the failed 1870s federal aid to education bill; Gilbert Smith on the 1930s to 1950s.



Despite lobbying by increasingly powerful teachers' organizations, federal aid under the 1965 Elementary and Secondary Education Act averaged no more than ten percent of school costs.<sup>6</sup> Constitutionally charged with the responsibility for education, states debated how to pay more when hard-won federal reforms came up short.<sup>7</sup> While the U.S. constitution makes no provision for public schooling, state constitutions set standards like "efficient" or "thorough" education, or delegate to the legislature. In the view of school finance reformers over the last century, while the state could delegate tax collection to municipalities, tax revenue was the state's to distribute. In addition to local property taxes, state aid from the general fund or earmarked revenue sources financed schools. Since the turn of the twentieth century, state aid formulas aimed to guarantee "equal educational opportunity."<sup>8</sup>

State constitutions mediated the transition from business reaction to labor influence. The dissertation begins and ends with successful constitutional amendments to limit majority rule on public spending. During midcentury, liberal groups passed model constitutions to permit income taxation and won a series of legal cases to enforce constitutional requirements to apportion state legislatures based on population. Thus, the rural counties and small towns of Part I were replaced briefly by urban, then suburban influences, in Part II. However, labor set political reform on an

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<sup>6</sup> Once federal aid was secured, increased—and then maintained—levels of funding had to be fought for. The National Education Association and American Federation of Teachers jointly sponsored the Full Funding Committee to lobby Congress for annual ESEA appropriation increases during the late 1960s and early 1970s.

<sup>7</sup> In order to secure passage congressional district by district, Title I of the landmark Elementary and Secondary Education Act funded school districts both rich and poor. Albert Shanker to AFT Local Presidents, "Call for the Formation of an AFT Grass Roots Network", 1 September 1977, Box 2, Folder 14, AFT President's Office Al Lowenthal Collection, Archives of Labor and Urban Affairs, Walter P. Reuther Library, Wayne State University. Carl J. Megel and Greg Humphrey, "Legislative Report to AFT Executive Council", 29 June 1972, Box 2, Folder 6, AFT Presidents Office, Al Lowenthal, Archives of Labor and Urban Affairs, Wayne State University. Harvey Kantor, "Education, Social Reform, and the State: ESEA and Federal Education Policy in the 1960s," *American Journal of Education* 100, no. 1 (Nov. 1991): 47-83. Susan L. Moffitt, "The State of Educational Improvement: The Legacy of ESEA Title I," *History of Education Quarterly* 56, no. 2 (2016): 375-381.

<sup>8</sup> For example, see George D. Strayer's and Robert Murray Haig's report that modeled what came to be known as the foundation program. The financing of education in the state of New York; a report reviewed and presented by the Educational finance inquiry commission, under the auspices of the American council on education, Washington, D.C., 1923.

unstable legal foundation after business and farm opposition cut off representative and direct democratic means. Part III describes how business and conservative interests struck back, amending state constitutions to limit taxes on income and sales, in addition to property.

### **Liberals and Model Constitutions**

Michigan funded half of its public services with property taxes by the early 1960s.<sup>9</sup> The property tax remained a problematic source of school funding: it was regressive by design and manipulated in practice. Leading public finance economist Richard Musgrave, who briefly taught at the University of Michigan, determined that the poorest Michigan households paid three and a half percent of their income towards residential property taxes, while the richest households only paid one percent.<sup>10</sup> Toney suburbs like Grosse Pointe or Bloomfield Hills spent more on schools than industrial areas like River Rouge that had the highest property value per pupil.<sup>11</sup> Tax assessors elected in 1,760 districts infrequently and subjectively measured property value as a parcel's sale price. School districts also taxed subject to constraints like overall property tax limitation, the subject of Ch. 1 "Tax Slackers."<sup>12</sup>

By the early 1970s, even tax assessors testified to the state legislature that "the financing of education should not come from the local property tax."<sup>13</sup> Unlike in California, where

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<sup>9</sup> The property tax accounted for 49.3 percent of state and local tax revenue in 1962. Thomas report, Table 6-2 The Property Tax in State-Local Revenue Systems Selected States, 1962, 179.

<sup>10</sup> Richard Musgrave, who brought European public finance to America, argued that education was a "merit want" (later public good) because the individual and society received returns. 1956 Richard Musgrave paper with Darwin W. Daicoff. In "From Seligman to Shoup," Mehrotra suggests Columbia University professor Carl Shoup's 1969 textbook *Public Finance* placed him alongside Musgrave as field leader. See the work of Maxime Desmarais-Tremblay on Musgrave.

<sup>11</sup> Thomas report, Table 2-2

<sup>12</sup> In Michigan, a County Allocation Board distributed revenue to school districts within its boundaries as an "allocated tax rate" that was a share of 15 mills. School districts could hold a tax override election to increase their share but few did.

<sup>13</sup> Paraphrase in Yvonne Atkinson to Frances Hamburg, September 4, 1973, Box 11, Issues, Taxation, Papers, 1972-1974, LWV of Michigan.

sociologist Isaac William Martin argues assessment professionalization removed informal tax privileges, leading voters to halve their property taxes in 1978, these minor Michigan reforms like assessor certification and training did not foment the same revolt.

Available alternatives to the local property tax did not equalize school funding or raise revenue progressively. Educational administrators constructed a formula to standardize local property owners' ability to pay, and thus school districts' need for state subsidy.<sup>14</sup> State aid to education never kept pace with rising property values: property wealth nearly doubled between the lowest and highest quartiles of school districts but state aid only increased by half as much<sup>15</sup> After all these adjustments, per pupil spending varied by a factor of three across school districts.<sup>16</sup> Moreover, the state's school aid fund, which subsidized school districts, received revenue from regressive taxes on sales, cigarettes, and gas, and through appropriations from the general fund.<sup>17</sup> As schools competed for property tax revenue with other city services or regional amenities like the zoo or art museum, the state shifted more and more sales tax revenue to local districts.

Public finance economists were less engaged in home state politics and less aligned with an ideological base than public choice economists, as will become increasingly important in Part III. When Detroit levied a city income tax in 1961 with the help of public finance economist Harvey Brazer, Musgrave's replacement at the University of Michigan, proceeds went to municipal not educational needs.<sup>18</sup> The UAW opposed the flat rate income tax for more than a

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<sup>14</sup> To compare across districts, local revenue per pupil could be calculated by multiplying the state equalized assessed valuation per pupil, or SEV, by a school district's tax rate, expressed in a mill or one one-thousandth. To balance a district's ability to tax property with its effort to levy taxes, Michigan conditioned state aid on a minimum standard given by district SEV.

<sup>15</sup> Thomas report.

<sup>16</sup> *Ibid.*, iii.

<sup>17</sup> Thomas report, Table 6-9 Receipts of the Michigan School Aid Fund and the Primary School Interest Fund, 1956-67, 189.

<sup>18</sup> Harvey Elliot Brazer, "Citizens Income Tax Study Committee of Detroit 1960-1961," Box 1, Harvey Elliot Brazer Papers, Bentley Historical Library, University of Michigan.

year on the Detroit tax study committee, and before the City Council.<sup>19</sup> National tax policy quickly pulled Brazer to Washington, D. C. where he worked as Deputy Assistant Secretary for Tax Policy in the Treasury Department under President Kennedy. Later, when Detroiters pursued school finance reform in the courts and state legislature, Brazer consulted for New Yorkers instead.<sup>20</sup>

Michiganders needed to permit the state legislature—in addition to city councils—to tax income in order to increase funding for schools. After periodic attempts to revise the 1908 state constitution, which prohibited income taxation, voters decided to call a constitutional convention in 1961.<sup>21</sup> Constitutional articles that resembled statutory laws, amended dozens of times by voters and legislators, constrained the legislature. The Committee for a Sound Constitution shared a widespread liberal view: the legislature should tax “free of constitutional restrictions.”<sup>22</sup> During a 1959 recession, the state government struggled to pay bills when state legislators controlled less than forty percent of the budget.<sup>23</sup> Municipal bond traders took notice, threatening credit ratings even in prosperous places.

The League of Women Voters of Michigan organized for years to modernize the state’s “horse and buggy” constitution. In typical League style, the campaign began with study: of success

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<sup>19</sup> Michigan AFL-CIO Committee on Political Education Meeting Minutes, March 16, 1965, Riverside Manor Motel, Lansing Michigan, Folder 6 COPE Mintues (1964-1965), Box 252, Michigan AFL-CIO Records, Archives of Labor and Urban Affairs, Wayne State University, Detroit, MI.

<sup>20</sup> From 1970 to 1971 Brazer worked on a report for the New York State Commission on the Quality, Cost and Financing of Elementary and Secondary Education, known as the Fleischmann Commission after its chairman. Other committee members included legal scholars John Coons and Stephen Sugarman. There was some controversy over timelines, payment, communication, and publishing. Box 3, Harvey Elliot Brazer Papers, Bentley Historical Library, University of Michigan.

<sup>21</sup> Activists were aided by a constitutional provision that voters decide once every sixteen years whether to call a con con. However, in 1948 when the state legislature put a con con on the ballot early, the measure passed by a simple majority, but not a majority of those who also voted for governor.

<sup>22</sup> Michigan Constitutional Convention 1948 to 1978 Folder, Box 4, LWVD.

<sup>23</sup> Coordinating Committee for Constitutional Convention, “Your Yes Vote For Con-Con,” February 1961, Michigan Constitutional Convention 1948 to 1978 Folder, Box 4, League of Women Voters of Detroit, Bentley Historical Library, University of Michigan hereafter LWVD.

and failure in other states, and of the National Municipal League's "model state constitution."<sup>24</sup> In 1957, the League resolved to spend the next two years attempting to call a constitutional convention, or con con. Educating and entertaining voters by equal measure, the League trained hundreds of members to use informational materials creatively, from skits contrasting fashion and transportation in 1908 and 1958 to "constitution coffees" to mock con-cons in the schools. Local leagues talked to 800 groups throughout the state, including the supportive Junior Chamber of Commerce. Women's groups across the political aisle supported "improving provisions on the status of women."<sup>25</sup>

These largely female campaigners persisted over opposition from segments of the state Republican Party and the entire Democratic Party. The Michigan Congress of Industrial Organizations Council opposed calling a convention before delegates were elected based on population, rather than area.<sup>26</sup> Even an organization as theoretically committed to constitutional revision as the Michigan Municipal League only announced its formal support late in the fall. The Michigan Education Association, perhaps with an aim to elect legislators more receptive to lobbying, sent members to get out yes votes.<sup>27</sup> With more yes votes than the last attempt in 1948, but not a majority of all those voting in the election—rather than simply on the constitutional convention issue—the 1958 ballot measure failed.

Trying again in April 1961, the League succeeded by joining cause with the Junior Chamber of Commerce, changing voting rules, and addressing labor and Democratic concerns

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<sup>24</sup> The National Municipal League's 1948 "model state constitution" was also cited by the League of Women Voters of Tennessee, suggesting <successful policy diffusion.> <Ragland>

<sup>25</sup> 12.

<sup>26</sup> Mabel Hessler Cable, "Con Con Story 1958," May 1959, 2, Michigan Constitutional Convention 1948 to 1978 Folder, Box 4, LWVD.

<sup>27</sup> Radio Script on Michigan State Constitution (Revision) for Two Participants, April 1958, Michigan Constitutional Convention 1948 to 1978 Folder, Box 4, LWVD.

about delegate selection.<sup>28</sup> First, the groups put a constitutional amendment on the 1960 fall election ballot which required a convention vote in the spring 1961 election. If voters approved holding the spring 1961 election ahead of the 16 year schedule, then a majority of those voting on the question, rather than in the election, could call the constitutional convention. Then, voters would elect a delegate to represent each state senate *and* state house district. Delegates from metropolitan districts would make up 47% of the total, whereas before they accounted for 35%. Still, the state legislature was split 67 Democrats to 77 Republicans. Both the Michigan Farm Bureau—for fear of rural domination—and Michigan AFL-CIO president August Scholle—for fear of metropolitan domination—opposed the ballot measure to schedule another constitutional convention vote. Once Michigan voters approved a vote, however, the Michigan AFL-CIO and the UAW endorsed the convention call.<sup>29</sup>

Malapportioned senate districts, from which constitutional convention delegates were elected, limited possibilities for change.<sup>30</sup> Several months into the convention, delegates removed the 1932 ballot amendment for overall property tax limitation from the draft constitution, only to reinsert a loosened version weeks later.<sup>31</sup> The League of Women Voters of Detroit supported a graduated personal income tax with deductions for dependents, but “of course” the local league would “also support a flat rate income tax if that is the only type introduced.”<sup>32</sup> However, the local league also supported a sales tax with exemptions for food and drugs because “all people should bear some of the tax burden so that they know they are helping to support government services.”

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<sup>28</sup> “Con-Con Questions and Answers Kit,” March 1960, Michigan Constitutional Convention 1948 to 1978 Folder, Box 4, LWVD.

<sup>29</sup> League of Women Voters of Michigan, “Con Con Vote YES Proposal 1 April 3, 1961” brochure, Michigan Constitutional Convention 1948 to 1978 Folder, Box 4, LWVD.

<sup>30</sup> Sample Television Show No. 2, Michigan Constitutional Convention 1948 to 1978 Folder, Box 4, LWVD.

<sup>31</sup> Up-Dating Memo No. 4, April 16, 1962; Up-Dating Memo No. 5, April 26, 1962, Michigan Constitutional Convention 1948 to 1978 Folder, Box 4, LWVD.

<sup>32</sup> League of Women Voters of Detroit, Consensus Report Form—1961-63 State Item I Statutory Aspects of Taxation: Re-evaluation of League Tax Standards, 2, Detroit Taxation 1962, 1966 to 1968 Folder, Box 2, LWVD.

The constitutional convention proposed a flat—not graduated—rate income tax. Perhaps in exchange, sales taxes were capped at four percent. Voters narrowly approved the 1963 Michigan constitution. Lawyers redoubled their efforts to reapportion the legislature.

## Labor and Legislative Redistricting

In Tennessee, where the state constitution has never permitted a tax on wage income, the League of Women Voters targeted another inequality: the malapportionment of the state legislature.<sup>33</sup> A malapportioned state legislature also allowed state legislators, who drew U.S. House districts, to malapportion the national legislature. Advocacy lawyers sued elected state officials to force courts to make a political decision they had avoided since the 1940s: whether state senates, unlike the U.S. Senate, should be apportioned based on population.<sup>34</sup> The 1959 Tennessee lawsuit *Baker v. Carr* created an opening for the U. S. Supreme Court to establish the principle of “one person, one vote” through its 1964 opinion in Alabama case *Reynolds v. Sims*.<sup>35</sup> (Tennessee will again appear as an important site of transmission in the last chapter of this dissertation, “Victory in the States.”) Plaintiffs’ attorneys “exchanged briefs, memoranda, ideas, and strategies” as redistricting lawsuits spread from state to state.<sup>36</sup> The National Municipal League was the clearing house for legal development.

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<sup>33</sup> Much of this section based on Smith, *On Democracy's Doorstep*, 2014. Thank you to Matt Lassiter for introducing me to Smith’s work.

<sup>34</sup> Supreme Court Justice Frankfurter, writing for the majority in the <1948> case *Colegrove v. Green* had ruled legislative districts a non-justiciable “political thicket.”

<sup>35</sup> The *Baker v. Carr* case was heard before a three-judge panel in federal court, whose ruling could be appealed directly to the U. S. Supreme Court. The city of Nashville joined the plaintiffs in November 1959 and began providing financial support.

*Baker v. Carr* (1962), 369 US 186 (82 S Ct 671, 7 L ed 2d 629). *Reynolds v. Sims* (1964), 377 US 533 (84 S Ct 1362, 12 L ed 2d 506). By the end of the 1960s, the Supreme Court ruled that other offices including school board were subject to this apportionment standard. Smith, Ch. 4 “It Has Lots to do With the Price of Eggs: The Making of *Baker v. Carr*,” *On Democracy's Doorstep*, 2014.

<sup>36</sup> Chairman Richard S. Childs. Theodore Sachs, “Scholle V. Hare - the Beginnings of One Person - One Vote,” *Wayne Law Review* 33, no. 5 (1987): 1605-24 at 1616.

Labor federations filed reapportionment lawsuits and friend of the court briefs to redistribute political power in the states; they sought to establish rights *and* redistribute money. Advocacy lawyering for collective economic rights co-existed with privacy rights that justified abortion, among other individual rights, in the Warren court. However, the labor movement's use of the legal system for economic egalitarianism conflicted with the civil rights movement's use of the same for pluralist protection of the rights of minority groups.<sup>37</sup> Labor turned to the courts only *after* direct democracy failed: legislative redistricting ballot initiatives in 1948 in California and in 1952 in Michigan lost as the results replicated the business and farm versus labor political coalitions of Part 1.

The California Teachers Association's for-hire public relations specialists and campaign managers Whitaker & Baxter worked at cross purposes to union teachers on legislative reapportionment.<sup>38</sup> Leone Baxter had managed the Redding Chamber of Commerce in the early 1930s before joining with political journalist Clem Whitaker to develop an organizational repertoire of tactics used to this day.<sup>39</sup> Whitaker & Baxter-run ballot measures increased school funding in 1944, 1946, and 1952, in part, by establishing a minimum teacher salary.<sup>40</sup> In 1948, the California Chamber of Commerce hired Whitaker & Baxter to defeat a labor-backed

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<sup>37</sup> Reuel Edward Schiller, *Forging Rivals: Race, Class, Law, and the Collapse of Postwar Liberalism* (New York: Cambridge University Press, 2015).

<sup>38</sup> Whitaker & Baxter ran campaigns for the California Teachers Association at least from 1933 to 1978. Beginning in 1968, the California Teachers Association hired Whitaker & Baxter to stop property tax cut and tax limitation ballot measures. The relationship began under CTA Executive Secretary Roy McCloud. Clement Sherman Whitaker, Jr. Oral History Interview, Conducted 1989 by Gabrielle Morris, Regional Oral History Office, University of California at Berkeley, for the California State Archives State Government Oral History Program.

<sup>39</sup> As public relations specialists and campaign managers, Whitaker & Baxter displaced political parties and relied on mass communication. After parting ways with Warren, Whitaker & Baxter defeated the governor's 1945 plan for compulsory health insurance. The American Medical Association hired Whitaker & Baxter to take on President Truman's universal healthcare plan after witnessing the firm's success in California. Smith, Ch. 2 "California, 1948" in *On Democracy's Doorstep*, 2014.

<sup>40</sup> Box 3, Folders 41-43 Better Schools, Yes on Proposition 9 Files 1944; Box 4, Folders 31-36 School Initiative, Yes on Proposition 3 Files 1946; Boxes 12 and 13, Public School Funds, Yes on Proposition 2 Files 1952, Whitaker & Baxter Campaigns, Inc. Records, California State Archives, Sacramento, CA.



reapportionment ballot measure. California Governor Earl Warren, elected with the help of Whitaker & Baxter, opposed labor's measure. Years later as the chief justice of the U. S. Supreme Court in the reapportionment cases, Warren switched sides.<sup>41</sup>

The Michigan Federation of Labor sponsored a 1952 ballot initiative to redistrict the state senate based on population.<sup>42</sup> The Michigan State Chamber of Commerce, the Farm Bureau Federation, and the Michigan Manufacturers Association opposed labor's ballot measure, and sponsored a successful, competing ballot measure that promised a compromise between area and population yet worsened malapportionment. As of 1952, the League of Women Voters of Michigan supported neither of these ballot measures, preferring a mix of population and area as the basis for allocating state senate seats.

Michigan's was the most malapportioned state senate in the United States, and California's the second most. Labor unions in both Michigan and California had tried and failed for decades to persuade state legislatures to redistrict based on population and thus shift political power from rural to urban areas.<sup>43</sup> During the 1950s, Michigan's Democratic Party needed to win seventy percent of votes for a majority in the state senate, whose districts varied in population size by a factor of seven.<sup>44</sup> By 1960, the California senate, apportioned by county, assigned the same number of senators—one—to six million residents of Los Angeles County and to tens of thousands of residents in rural counties. However, in California unlike Michigan, rural counties often aligned

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<sup>41</sup> Description of Whitaker & Baxter from Genevieve Troka, "Inventory of the Whitaker & Baxter Campaigns, Inc. Records," California State Archives, December 2009. 1948 ballot measure in Smith, *On Democracy's Doorstep*.

<sup>42</sup> Michigan's constitution required reapportionment primarily based on population but the Michigan Supreme Court refused to enforce rebalancing. Smith, Ch. 3 "The Shame of the States" in *On Democracy's Doorstep*, 2014.

<sup>43</sup> Notably, the urban versus rural divides of northern and western states produced more malapportionment than did Jim Crow in the south. See the California Federation of Labor's 1948 Proposition 13 ballot initiative in Smith, Ch. 2 "California, 1948" in *On Democracy's Doorstep*, 2014. Earlier, the California Farm Bureau Federation and the San Francisco Chamber of Commerce sponsored Prop 28 to apportion the senate based on geography, and limit one county to no more than one senator. Voters passed the measure in 1926, and it lasted until 1965.

<sup>44</sup> Smith, Ch. 1 "Rotten Boroughs" in *On Democracy's Doorstep*, 2014.

with urban counties, leading business associations to oppose legislative redistricting in Michigan and support it in California.

Malapportionment's function was to maintain political power. The political director of the International Ladies Garment Workers Union, where the Detroit teacher union leader Arthur Elder worked after General Motors purged him, was active in reapportionment debates in the 1950s and 1960s.<sup>45</sup> Detroit labor lawyer Theodore Sachs consulted attorneys in Minnesota and Tennessee before filing suit, and the NAACP's general counsel consulted Sachs after he filed.<sup>46</sup> A Detroit native, Sachs joined a local law firm in 1951 and represented the Detroit Federation of Teachers throughout the 1960s, including in the agency fees case *Abood v. Detroit Board of Education* and the desegregation case *Bradley v. Milliken*.<sup>47</sup> Sachs cited the U.S. Supreme Court's barring of the "white primary" as evidence for its jurisdiction.<sup>48</sup> Race was not central to legal briefs and oral arguments, although "(m)alapportionment was certainly about race and ethnicity."<sup>49</sup>

By the end of the 1950s, former glassworker and president of the state federation of labor August Scholle openly pushed for the political power to pass labor's agenda through the Michigan legislature.<sup>50</sup> It was "not possible just to be in favor of a lot of good programs without being in favor of finding the funds to pay for them" Scholle told fellow unionists.<sup>51</sup> Scholle had been an active opponent of the state sales tax throughout the 1940s, and a proponent of the graduated rate

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<sup>45</sup> Gus Tyler. *Ibid.*

<sup>46</sup> Smith, Ch. 4 and Ch. 6 in *On Democracy's Doorstep*, 2014.

<sup>47</sup> In 1965, Rothe, Marston, Mazey, Sachs & O'Connell of Detroit, Michigan.

<sup>48</sup> Sachs, "Scholle V. Hare."

<sup>49</sup> Smith, *On Democracy's Doorstep*, 17.

<sup>50</sup> The Michigan AFL-CIO after the merger of industrial and craft unions in 1955. Sachs, "Scholle v. Hare" on Scholle's occupation.

<sup>51</sup> Scholle paraphrased in Michigan AFL-CIO Committee on Political Education Meeting Minutes, January 27, 1966, Jack Tar Hotel, Lansing Michigan, 6, Folder 6 COPE Minutes (1964-1965), Box 252, Michigan AFL-CIO Records, Archives of Labor and Urban Affairs, Wayne State University, Detroit, MI.

income tax throughout the 1960s.<sup>52</sup> However, in Scholle's senate district, his vote represented 1/12th of the power of a vote in the smallest senate district.<sup>53</sup>



Fig. August Scholle, February 20, 1942, Virtual Motor City 77371\_4, Detroit News Photograph Collection, Walter P. Reuther Library, Archives of Labor and Urban Affairs, Wayne State University.

Scholle wanted the right to “equitable representation in the legislature.”<sup>54</sup> However, fearing the embarrassment of certain defeat, the state’s Democratic governor and party tried to dissuade Scholle and constitutional and election lawyer Theodore Sachs from filing at the eleventh hour.<sup>55</sup> With Sachs as his attorney, Scholle sued the secretary of state to declare the 1952 ballot measure

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<sup>52</sup> See Folder 7 Sales Tax 1946, Box 117; Folder 1 Petitions, 1948 - sales tax and reapportionment, Box 103; Folder 4 Taxation 1946-1947, Box 15, Michigan AFL-CIO Records, Archives of Labor and Urban Affairs, Wayne State University, Detroit, MI.

<sup>53</sup> Sachs, “Scholle V. Hare.”

<sup>54</sup> Scholle quoted in a press release cited in *Ibid.*, 1610.

<sup>55</sup> Sachs, “Scholle V. Hare.”

for senate apportionment based on area and population unconstitutional.<sup>56</sup> Filing *Scholle v. Hare* in December 1959, Sachs timed the suit to stop malapportionment based on the 1960 U.S. Census before 1960 elections.

The Michigan and U.S. supreme courts delayed ruling in *Scholle v. Hare* until an earlier case filed months before in Tennessee—*Baker v. Carr*—was settled. United Auto Workers officers asked Sachs to file an amicus brief in *Baker v. Carr* that broadened claims about malapportionment’s legal consequences to include political, legislative, and economic effects. Sachs’ brief, filed September 1961, was the only document in the *Baker v. Carr* litigation to use the term “one man-one vote.”<sup>57</sup> A Georgia case changed this gendered term to the enduring “one person, one vote.” Voting rights were protected by legislation, jurisprudence, and administration.

The rights revolution in the courts provoked a political backlash that shows the early but unsuccessful influence of conservative networks. In California, Whitaker & Baxter defeated redistricting campaigns in 1960 and 1962. The right-wing John Birch Society, with its southern California stronghold, began an “Impeach Earl Warren” campaign in 1961 that lasted until the chief justice’s retirement in 1968.<sup>58</sup> The AFL-CIO asked state affiliates to keep a watch on the Birchers.<sup>59</sup> A U. S. Senator from Illinois allied with business associations hired Whitaker & Baxter to promote an amendment to the U. S. constitution permitting one chamber of state legislatures to

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<sup>56</sup> “Friends of Gus Scholle gather at Banquet to honor ‘Old Grey Fox’ of the Labor Movement,” *Detroit Teacher*, 31 (2), October 27, 1971, 4. Sachs, “Scholle v. Hare.”

<sup>57</sup> Political scientist Gordon Baker used the term “one man, one vote” in 1955 to describe the “ideal that all citizens should have approximately the same political weight.” A June 1930 Michigan Supreme Court dissent in *Scholle v. Hare* cited Baker, which Smith argues was the first appearance of “one man, one vote” in reapportionment jurisprudence. Baker quoted in Smith, Ch. 6 “One Person, One Vote” in *On Democracy’s Doorstep*, 140.

<sup>58</sup> Smith, “Preface” in *On Democracy’s Doorstep*, 2014.

<sup>59</sup> In Flint, MI, the local JBS leader ran a successful petition signature campaign on open occupancy in 1967, putting labor on notice about the group’s potential as a political force. Michigan AFL-CIO Committee on Political Education Meeting Minutes, January 27, 1966, Jack Tar Hotel, Lansing Michigan; Michigan AFL-CIO Committee on Political Education Meeting Minutes, December 1, 1967, Pick-Durant Hotel, Flint Michigan, Folder 6 COPE Mintues (1964-1965), Box 252, Michigan AFL-CIO Records, Archives of Labor and Urban Affairs, Wayne State University, Detroit, MI.

be districted based on factors other than population.<sup>60</sup> At a congressional hearing, Detroit labor lawyer Theodore Sachs testified this amendment would effectively repeal the Voting Rights Act the U.S. Congress planned to pass in 1965.<sup>61</sup>

“One person, one vote” left several important legacies for school funding. Most immediately in Michigan, the newly-seated legislature appropriated significantly more school money from the general fund in 1965.<sup>62</sup> Michigan’s legislature went from the most to the least malapportioned in the nation when a 1964 commission split evenly between political parties redrew 32 state senate districts.<sup>63</sup> Voters flipped the state senate from majority Republican (23 of 34 seats) to majority Democratic (23 of 38 seats).<sup>64</sup> Both chambers of the legislature were Democratic for the first time since the 1930s. Redistricted legislatures passed public employee collective bargaining bills in states that resisted the wave of legalization begun in Wisconsin in 1959. *Scholle v. Hare* labor lawyer Theodore Sachs drafted Michigan’s 1965 Public Employee Relations Act and *Scholle v. Hare* plaintiff August Scholle “led in the fight for adoption by the Michigan Legislature.”<sup>65</sup>

An old worry arose anew: would more money make schools better? States filled gaps in education research in addition to funding. Starting with a series of studies of finance and school district reorganization in 1964, the legislature paired funding increases with consolidation,

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<sup>60</sup> Ibid., 8.

<sup>61</sup> Sachs was then general counsel for the Michigan AFL-CIO. Smith, Ch. 9 in *On Democracy's Doorstep*, 2014. Statement of Theodore Sachs Before United States Senate Subcommittee On Constitutional Amendments, May 20, 1965, Folder 56 Sachs, Ted 1965, Box 289, Michigan AFL-CIO Records, Archives of Labor and Urban Affairs, Wayne State University, Detroit, MI.

<sup>62</sup> Thomas report, Table 6-9 Receipts of the Michigan School Aid Fund and the Primary School Interest Fund, 1956-67, 189.

<sup>63</sup> Sachs went back to court to enforce redistricting with two 1963 decisions in *Marshall v. Hare* and *Calkins v. Hare*.

<sup>64</sup> [https://en.wikipedia.org/wiki/Political\\_party\\_strength\\_in\\_Michigan#20th\\_century\\_%E2%80%93\\_1965\\_to\\_1999](https://en.wikipedia.org/wiki/Political_party_strength_in_Michigan#20th_century_%E2%80%93_1965_to_1999)

<sup>65</sup> John R. Runyan and Carrie Sharlow, “Michigan Lawyers in History: Theodore Sachs,” *Michigan Bar Journal*, February 2015, 34-36, <https://www.michbar.org/file/barjournal/article/documents/pdf4article2569.pdf>. “Friends of Gus Scholle gather at Banquet to honor ‘Old Grey Fox’ of the Labor Movement,” *Detroit Teacher*, 31 (2), October 27, 1971, 4.

dissolving 266 of Michigan's thousands of local school districts by 1967. In 1966, the state legislature commissioned the Michigan School Finance Study, known as the Thomas report after its lead author University of Chicago education researcher J. Alan Thomas.<sup>66</sup> Importantly, the Thomas report compiled individual student records, which could support stronger conclusions about the impact of classroom and school investments than the Coleman report's district-level data, which skeptics cited as evidence of the importance of home and community rather than school for student success. More sophisticated education research cast doubt on the necessity of school money but never settled the debate.<sup>67</sup> For their part, foundations believed money would make a difference. The Ford Foundation, the foundation with the largest endowment at mid-century, observed "rhetoric about the uselessness of dollars" would be more persuasive if suburban districts volunteered to "share their resources with less privileged urban districts."<sup>68</sup>

The big question everyone asked was how to fund yearly operating expenses in public schools. Under fifteen percent of students were in nonpublic schools and only fifteen to twenty-five percent of school taxes serviced debt in the mid-1960s.<sup>69</sup> By the early 1970s, though, school districts relied on short-term debt to make payroll. The Thomas report included plenty of proposals

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<sup>66</sup> Michigan appropriated \$200,000 for professors of education and their hired consultants and accountants to survey school district administrators and analyze state administrative data. Limited to three regions of geographic analysis—the Detroit metropolitan area, Southern Michigan, and Northern Michigan—the authors relied more on anecdote than data to insist on the particular problems of urban school finance. Authorized by Act 285, Public Acts of 1966. J. Alan Thomas, *Michigan School Finance Study* (Lansing, Michigan: Michigan Department of Education, 1968). J. Alan Thomas, one of the investigators for the U.S. Office of Education's longitudinal study Project TALENT, ran the University of Chicago's Midwest Administration Center, where he supervised detailed data collection in the states. The State Education Department of New York also did an early study, the "Quality Measurement Project," in 1959 with Samuel M. Goodman as author. Another New York study in 1965 by Herbert J. Kiesling built analysis on Goodman's data.

<sup>67</sup> Eric A. Hanushek, "The Economics of Schooling: Production and Efficiency in Public Schools." *Journal of Economic Literature* 24, no. 3 (1986): 1141-77.

<sup>68</sup> Ford Foundation program officer James A. Kelly in a 1974 report to the trustees, 24. Rockefeller Archive Center.

<sup>69</sup> 14.3 percent of Michigan students were in nonpublic schools in 1966-67, with 85 percent of those in Catholic schools. *Ibid.*, Table 4-10 Average Total and Current Operation Tax Rates for School Districts in Michigan: 1966, 147. Net interest cost for Michigan school bonds 1965-1966 was 3.77%, slightly higher than the US average of 3.69%. Wealthier districts levied less for debt. Thomas report 147, Table 4-10 Average Total and Current Operation Tax Rates for School Districts in Michigan: 1966.

by professional researchers but no shared strategy.<sup>70</sup> A Citizens Advisory Committee of school groups and civic, religious, business, labor, and farm leaders presumably shaped the report's conclusion that the state should finance schools. Thomas' colleagues at the University of Chicago recommended a statewide property tax replace the local, and any additional state aid be sourced from the income tax.<sup>71</sup>

Michigan, the only state to levy an income tax and not graduate the rate, began refusing to tax the rich to fund schools in 1968. After the Michigan legislature used its authority under the 1963 state constitution to levy a flat rate income tax in 1967, the League of Women Voters of Michigan convinced legislators to put graduation on the 1968 ballot.<sup>72</sup> While the graduated income tax lost three to one, the League defeated attempts to remove or limit the flat rate income tax.<sup>73</sup> For several years, advocates filed lawsuits to change state tax policy until the teacher labor movement took charge of the ballot initiative process in 1972, as told in Ch. 4 "Tax the Rich in Michigan."

## Conclusion

The labor movement's involvement in legislative redistricting presaged its role in school finance reform as litigant. University of Chicago education researcher Arthur E. Wise inspired labor lawsuits for school finance equalization in Detroit, Chicago, and other cities. In Chicago,

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<sup>70</sup> A National Advisory Committee of professors from leading education and policy programs at Syracuse, Stanford, Florida and Michigan's big three universities—the University of Michigan, Michigan State University, and Wayne State University—in addition to the psychologist Kenneth Clark, famous for his expert testimony in *Brown v. Board of Education*, seemed unable to reach consensus with the Chicago researchers, one of whom appended what amounted to a voucher plan.

<sup>71</sup> James W. Guthrie, Robert T. Stout, Henry M. Levin, and George B. Kleindorfer, *Schools and Inequality* (Cambridge, MA: Massachusetts Institute of Technology, 1971).

<sup>72</sup> The 1961 constitution, approved in 1963, permitted only flat rate income taxes.

<sup>73</sup> League of Women Voters of Michigan, Taxation—History of League Position, March 1971, Box 11, Issues, Taxation, Papers, 1972, LWV of Michigan.

Wise studied with and worked for the author of the Thomas study commissioned by the redistricted Michigan state legislature. A student of representative branch paralysis, Wise observed a pattern: “State legislatures had been struggling with miserly state school finance equalization formulas for at least as long as they had failed to reapportion themselves.”<sup>74</sup> Wise drew on precedents from the reapportionment cases and others to propose school finance lawsuits. In what could perhaps be viewed as a mock trial of his legal arguments, Wise’s dissertation committee included a critic of the “egalitarian revolution” of lawsuits filed against discrimination under the equal protection clause of the fourteenth amendment to the U.S. constitution.<sup>75</sup>

Scholars like Wise looked to equal protection jurisprudence to propose spending more on students with greater needs in the home and neighborhood.<sup>76</sup> First in a 1965 seminar paper and later in his book *Rich Schools, Poor Schools: The Promise of Equal Educational Opportunity*, Wise argued the courts would strike down school districts drawn with discriminatory boundaries as they had legislative districts just years before.<sup>77</sup> A supporter of increased spending on schools in poor neighborhoods, Wise rejected the facile translation of the U. S. Supreme Court’s recent “one person, one vote” ruling as “one student, one dollar.”<sup>78</sup>

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<sup>74</sup> Arthur Wise, “The California Doctrine,” *The Saturday Review*, November 20, 1971, 78.

<sup>75</sup> Wise’s University of Chicago law professor Philip B. Kurland, 1964 quoted in Horowitz and Neitring, 1968. Teles classifies Kurland as a legal realist who believed in judicial restraint. Steven Michael Teles, *The Rise of the Conservative Legal Movement: The Battle for Control of the Law* (Princeton, NJ: Princeton University Press, 2008).

<sup>76</sup> Harold W. Horowitz and Diana L. Neitring, “Equal Protection Aspects of Inequalities in Public Education and Public Assistance Programs from Place to Place within a State.” *UCLA Law Review* 15, no. 3 (April 1968). David Kirp, “The Poor, the Schools, and Equal Protection.” *Harvard Educational Review* 38, no. 4 (1968): 635-68. Ferdinand P. Schoettle, “The Equal Protection Clause in Public Education.” *Columbia Law Review* 71, no. 8 (1971): 1355-419.

<sup>77</sup> To his primary concern with geography, Wise added precedents from education, criminal rights, and voting rights cases. Wise drafted his article and book as a dissertation “The Constitution and Equality: Wealth, Geography, and Educational Opportunity” in the University of Chicago’s School of Education under the supervision of Philip B. Kurland, J. Alan Thomas, and Donald A. Erickson. A. E. Wise, “Is Denial of Equal Educational Opportunity Constitutional?” *Administrators Notebook*, XIII no. 6 (February 1965). Arthur E. Wise, *Rich Schools, Poor Schools: The Promise of Equal Education Opportunity* (Chicago: University of Chicago Press, 1968).

<sup>78</sup> “Indeed, it would be most unfortunate if the present study were to be read as a call for ‘one student, one dollar.’” Wise, *Rich Schools, Poor Schools*, xix. Perhaps following others’ interpretations, Ryan erroneously argues that Wise proposed a “simple idea of equal funding” that he called the “one-dollar, one-scholar” theory. James E. Ryan, *Five*



The poverty law approach to school finance merged two contradictory legal traditions in a venue traditionally hostile to the labor movement, the federal courts.<sup>79</sup> Unlike criminal rights, voting rights, and desegregation litigation, school finance litigation was more successful in state than federal courts. As school board members and parents who sued to make wealth discrimination illegal soon discovered, education rights were more circumscribed, especially after Lewis F. Powell, Jr. and William H. Rehnquist joined the highest court in the fall of 1971.<sup>80</sup>

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*Miles Away, a World Apart: One City, Two Schools, and the Story of Educational Opportunity in Modern America* (New York, NY: Oxford University Press, 2011): 130.

<sup>79</sup> Schiller, *Forging Rivals*. Christopher L. Tomlins, *The State and the Unions: Labor Relations, Law, and the Organized Labor Movement in America, 1880-1960* (New York: Cambridge University Press, 1985).

<sup>80</sup> See Matthew D. Lassiter *The Silent Majority: Suburban Politics in the Sunbelt South*. Princeton (NJ: Princeton University Press, 2006) on Powell and busing for integration.

### Ch. 3 Detroit Cases: Legal Program for Finance Equalization

Alongside his fellow members of the Detroit Board of Education, and with co-plaintiffs like his client the United Auto Workers (UAW), attorney Abraham Zwerdling believed Michigan should fund students' "educational need." The school board, which worked with the Detroit Federation of Teachers (DFT) to halve class sizes in the More Effective Schools program, argued the state could pay double for students who "lack the pre-school background and extracurricular educational experience" of their peers.<sup>1</sup> In February 1968, the Detroit school board filed a pioneering lawsuit challenging Michigan's school finance system under the equal protection clause of the fourteenth amendment to the U.S. constitution.<sup>2</sup> The Detroit case had once been expected to reach the U.S. Supreme Court. *The New York Times* reported that the chastened "mechanics" of the Great Society, "exiles" from the federal government, were backing the city's "lawsuit that could radically change the method by which most states allocate school funds."<sup>3</sup>

This chapter and the next show how demands for full-state funding of education rose and fell during the conjuncture of public sector unionism, urban tax revolt, Black nationalism, and foundation activism at the end of the 1960s. I combine observations from the history of education—American schools are the welfare state—and labor history—social movement unions

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<sup>1</sup> Brief quoted in Jerry M. Flint, "Detroit Suit Asks Slum School Aid: Seeks to Force Michigan to Give More to Poor Areas," *New York Times*, February 3, 1968, 16.

<sup>2</sup> While the Oxford political historian Gareth Davies touches on the Detroit case, school finance lobbyist and scholar Marian Adams Bott has the best-researched description. A common source on the history of school finance lawsuits, James E. Ryan, the law professor and current president of the University of Virginia who clerked for Supreme Court Justice William Rehnquist and served on a charter school board, misreads Wise, ignores Detroit, and denies labor history. For example, Ryan naively argues that increased teacher salaries "reflect the fact that women have more employment opportunities today than they did in 1950." Marian Adams Bott, "Private Foundation Activism in the Early School Finance Equalization Movement: A Case Study of the Ford Foundation's Grantmaking between 1966 and 1980" (Ed.D. dissertation, Teachers College, Columbia University, 2012). James E. Ryan, *Five Miles Away, a World Apart: One City, Two Schools, and the Story of Educational Opportunity in Modern America* (New York: Oxford University Press, 2011), 25.

<sup>3</sup> *The Board of Education of the School District of Detroit et al v The State of Michigan* General Civil No 103.542 Cir Ct Wayne County Michigan filed February 2, 1968 and dismissed in 1969. John Herbers, "Staff Assembled By Gardner Directing Attack on Poverty," *New York Times*, December 5, 1968, 50.

fight for the common good—to show how labor unionists took a personal and strategic interest in Detroit schools.<sup>4</sup> Members of craft unions like the DFT and industrial unions like the UAW had organized together in depression-era Detroit, sharing lecture halls, running education classes, campaigning with the Socialist Party, and making families. After winning recognition by Detroit's auto companies, the UAW bargained for healthcare in private contracts and education in public budgets.

At the end of the 1960s, American voters were increasingly reluctant to fund public schools through local property taxes, and districts cut school days short and ended school years early. As a percentage of Michiganders' income, the state and local tax burden rose from more than 9.5 percent in 1959 to 10.4 percent in 1969 even as U. S. inflation reached six percent.<sup>5</sup> The basic problem of local school property taxes was this: if property wealth varied depending on whether a school district included industrial plants or residential homes or family farms, then equal tax rates generated unequal revenue. Suburban school districts raised larger sums with lower tax rates than urban school districts. State constitutions charge state legislatures with responsibility for public education; throughout the twentieth-century, reformers attempted to equalize local resources with state revenue.<sup>6</sup>

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<sup>4</sup> My intervention in the school finance literature by lawyers and educational administrators is to show how labor unions were important actors in early litigation. Tracy Lynn Steffes, *School, Society, and State: A New Education to Govern Modern America, 1890-1940* (Chicago: University of Chicago Press, 2012). See the scholars associated with Georgetown University's Kalmanovitz Initiative for Labor and the Working Poor. This chapter extends the concept of civil rights unionism to public employees. Robert Korstad and Nelson Lichtenstein, "Opportunities Found and Lost: Labor, Radicals, and the Early Civil Rights Movement." *The Journal of American History* 75, no. 3 (1988): 786-811.

<sup>5</sup> League of Women Voters of Michigan, Taxation—History of League Position, March 1971, Box 11, Issues, Taxation, Papers, 1972, LWV of Michigan.

<sup>6</sup> Michigan's constitution requires the state legislature to "maintain and support a system of free public elementary and secondary schools as defined by law." Constitution of Michigan of 1963, Article VIII Education, Sec. 2 Free public elementary and secondary schools; discrimination

Two court cases from California and Texas feature prominently in the history of school finance reform: *Serrano v. Priest*, the first of many state court cases to find unequal local school property taxes unconstitutional in August 1971 and *Rodriguez v. San Antonio Intermediate School District*, the U.S. Supreme Court case that ruled the U.S. constitution off limits for claims of wealth discrimination in March 1973.<sup>7</sup> I recover an earlier case, *Detroit Board of Education v. State of Michigan*, filed by the labor lawyer Abraham Zwerdling. The labor movement's version of school finance reform sought enough funding to meet urban students' educational needs from state taxes on the income of rich individuals and corporations.

Rather than a legal history of court cases, this chapter is a political history of roads not taken, built in the Motor City by autoworker and teacher union leaders and navigated by foundation officials.<sup>8</sup> Before a state court could try *Detroit Board of Education v. State of Michigan*, lawyers filed a number of school finance lawsuits in 1968 that laid other tracks. By the time the Ford Foundation's narrower, neoliberal school finance litigation finally prevailed in the California Supreme Court in 1971, as Ch. 5 "Tax the Rich in California" describes, Detroit labor leaders had moved on. Zwerdling, whose Detroit home was picketed and life threatened, left for Washington, D.C. to become the American Federation of State, County, and Municipal Employee's general counsel.<sup>9</sup> The American Federation of Teachers tried to fund schools through union power and teacher unity rather than litigation.

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<sup>7</sup> A generation of historians of education schooled by Great Recessionary budget cuts recenter the history of school finance in unequal northern suburbs and predatory southern counties. Michael Glass, *Cracked Foundations: Debt and Inequality in Postwar Suburbia* (Philadelphia, PA: University of Pennsylvania Press, forthcoming). Esther Cyna, "Schooling the Kleptocracy: Racism and School Finance in Rural North Carolina, 1900-2018," *Journal of American History*, no. 108 (4) (2022). Esther Cyna, "Shortchanged: Racism, School Finance and Educational Inequality in North Carolina, 1964-1997," (Ph.D. dissertation, Columbia University Teachers College, 2021.)

<sup>8</sup> Ryan, *Five Miles Away, A World Apart*. Michael Rebell, *Courts and Kids: Pursuing Educational Equity through the State Courts* (Chicago, IL: University of Chicago Press, 2011).

<sup>9</sup> Interview with Zwerdling's former law partner Wendy Kahn, November 1, 2017.

Detroit's early role in school finance reform has been forgotten next to the city's precedent-setting education cases, *Abood v. Detroit Board of Education* filed in 1969 and *Bradley v. Milliken* filed in 1970. The Detroit school finance case filed in 1968 has remained in obscurity in part because *Detroit Board of Education v. State of Michigan* never went to trial, and was dismissed in state court in 1969, before being refiled in 1971 in a changed research and legal environment. Detroit teachers who objected to union dues sought a different kind of school finance control in the landmark public sector union case *Abood*. Detroit teachers like Louis Abood and his National Right to Work Foundation lawyers sued the Detroit Board of Education in 1969 to make union dues voluntary. Before the school finance and service fees cases were resolved, the NAACP sued on grounds of racial discrimination after Detroit voters recalled Zwerdling's pro-integration school board in 1970 in what became the U.S. Supreme Court case that foreclosed metropolitan busing, *Milliken v. Bradley*.<sup>10</sup>

This chapter and the next add schools to the period of Detroit's lost alternative, 1967 to 1973.<sup>11</sup> Detroit labor-liberals tried to balance leading white workers and responding to Black

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<sup>10</sup> The NAACP brought two Detroit cases, just before and after the period most associated with its legal activism: a defense of Ossian Sweet's right to live in an integrated neighborhood in 1925 and a defense of Ronald and Richard Bradley's right to attend an integrated school in 1970. In between, the NAACP declined to be part of the 1962 *Sherrill* case that challenged the Detroit school board's racially discriminatory school construction and attendance policies. The Trade Union Leadership Council, the caucus of Black UAW members, funded the *Sherrill* lawsuit filed by former UAW counsel Ernie Goodman. While UAW president Walter Reuther was known for supporting the national civil rights movement, Black workers doubted his commitment to integration in Detroit's auto industry, much less its schools. Detroit does not fit neatly into Camille Walsh's story of racialized taxpayer citizenship whereby NAACP lawsuits relied on a class-based strategy that would hamper later school finance cases. Detroit Case-Telephone Conversation, October 14, 1970, Box 1041, Folder 3, NAACP Legal Department. Babson, Elsil, and Riddle, *Color of Law*, 375.

<sup>11</sup> Historians of Detroit describe both structural forces—discrimination in employment and housing and deindustrialization—and political agency—a liberal Model City, leftist shop floor vanguard, or conservative homeowners' association. Thomas Sugrue, *The Origins of the Urban Crisis: Race and Inequality in Postwar Detroit* (Princeton, NJ: Princeton University Press, 1996). Sidney Fine, *Violence in the Model City: The Cavanagh Administration, Race Relations, and the Detroit Riot of 1967* (East Lansing, MI: Michigan State University Press, 1989). Detroit native Heather Thompson argues white and black leftists and liberals contested racial segregation and political conservatism. Heather Ann Thompson, *Whose Detroit?: Politics, Labor, and Race in a Modern American City* (Ithaca: Cornell University Press, 2001). Austin McCoy on Detroit leftists in the 1970s. Austin McCoy, "Bringing the Social Back: Rethinking the Declension Narrative of Twentieth-Century Us Labour History," *Social History* 41, no. 1 (2016): 1-13.

radicals by asking the state and federal government to intervene. School finance reform was not a compromise policy when metropolitan integration failed: in the north and west, the two approaches to equal educational opportunity happened at the same time.<sup>12</sup> However, division over race ended the possibility of increased funding. Section one describes how the UAW and AFT assembled a labor-led coalition to fund Detroit students' educational needs. Some teachers withdrew from the coalition over conservative reaction and Black self-determination: section two begins with labor as plaintiff in school finance reform litigation, and ends with labor as defendant in union dues cases. Section three shows how public money for private schools and judicial desegregation orders split autoworkers from teachers, who substituted liberals for unionists in ballot initiative campaigns.

### **The Emergence of a Powerful Coalition of the Working Class and Teachers**

**There is a revolution sweeping the land, and it is a revolution from the bottom up. A Carnegie Foundation grant has not spurred it. Conant's books have had little impact. Commissioner Howe's speeches seem almost irrelevant. But angry young junior high teachers, articulate high school social studies teachers, amazingly tough Latin teachers, and more madly militant women teachers than one could have ever expected, have been the creators, mid-wives, and anxious prodders of this movement.**

AFT Research Director Peter Schnauffer quoted in Mary Ellen Riordan, "The President's Column," *Detroit Teacher* 26 (Special), April 14, 1967, 2.

Dismissing the efforts of foundations, academics, and administrators to shape education from the top down, teachers organized to control their schools during the 1960s. Detroit Federation of Teachers (DFT) president Mary Ellen Riordan was proud that her city "was in the vanguard of the revolution" of teacher unionism.<sup>13</sup> Outside their power base in the auto industry, Detroit labor-liberals supported union teachers organizing to secure resources to match rhetoric about the role of education in American society. School district administrators and school board members were

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<sup>12</sup> By contrast, see for example the periodization in Ryan, *Five Miles Away, A World Apart*.

<sup>13</sup> Mary Ellen Riordan, "The President's Column," *Detroit Teacher* 26 (Special), April 14, 1967, 2.

labor leaders.<sup>14</sup> In 1967, the school board wanted to say yes to teachers' demands, but after years of city voters rejecting local school taxes and civic leaders negotiating emergency revenue deals, the Detroit school board could not afford the DFT's second contract. Just over a week before the uprising of Black Detroiters alternately described as riot, rebellion, or revolution began on July 23, school board member Abraham Zwerdling received a memo from a prominent local law firm declaring Michigan's school finance system, with its reliance on unequal local property taxes, unconstitutional.<sup>15</sup> However, the moment of possibility for fiscal reform opened in 1967 was marked from the start by disagreement within the labor movement over how to meet Black community demands and whether to keep white students in Detroit schools.

### *Solidarity House and the Schoolhouse*

Under Walter Reuther's direction, the Industrial Union Department of the newly-merged American Federation of Labor-Congress of Industrial Organizations (AFL-CIO) funded teacher organizing campaigns in the late 1950s. AFT field organizer and later president David Selden used these funds to win teachers their first union contract in New York in 1962. A Michigan native, Selden grew up in Pontiac, worked in auto plants during the Great Depression, and taught public school in Dearborn. Selden had a view of the Ford Motor Company's behemoth Rouge River factory from his classroom window, and taught education classes for autoworkers in UAW

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<sup>14</sup> Then-Detroit Public Schools superintendent Norman Drachler had been a DFT member. The previous Detroit superintendent was the Midwest-born teacher and Yale professor Samuel M. Brownell, who also served as U. S. Commissioner of Education. Before and after his commissionership, Brownell led Michigan school systems: first as superintendent in Grosse Pointe during the Great Depression and in 1956, as superintendent in Detroit. Ethel Simon-McWilliams, "Federal Support for Educational Research and Development: The History of Research and Development Centers and Regional Educational Laboratories." *The Journal of Negro Education* 76, no. 3 (2007): 391-401.

<sup>15</sup> Alongside George Bushnell and Richard A. Jones, David G. Olmstead of prominent Detroit law firm Miller Canfield wrote a July 14, 1967 legal opinion for the Board judging local property taxes an unconstitutional source of school funding. Bott, "Private Foundation Activism."

Local 600.<sup>16</sup> Until he became the AFT president's assistant, however, Selden never personally met the UAW president who he described as one of "labor's heroes."<sup>17</sup> As Selden and Reuther developed a personal and professional relationship, each bet big on teacher organizing. When the Industrial Union Department offered to match an AFT organizing fund dollar for dollar, with each labor organization contributing half a million dollars, Selden raised his union's share mostly by issuing bonds against union dues anticipated from new members.<sup>18</sup>

Mary Ellen Riordan recruited many of these new dues-paying members when Detroit joined New York as only the second AFT local recognized as a collective bargaining agent in 1964.<sup>19</sup> Riordan, who lost her husband in WWII and taught for several years in West Berlin during the 1950s, was a forceful leader and frequent traveler who came to the teachers union from a Catholic rather than labor background.<sup>20</sup> Pope Leo XIII's 1891 encyclical *Rerum Novarum* popularly known as "On Capital and Labor" had an impact on Riordan's view of labor unions, as did her experience teaching science in a Detroit elementary school with too few textbooks and chairs for the students. Other DFT leaders had their own connections to the labor movement. The DFT president during the 1950s, Antonia "Tony" Kolar, was married to one of the founding

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<sup>16</sup> An Interview with David Selden in New York City by Renee Epstein, January 19, 1987 as part of an AFT oral history project. The UAW continued to recruit Detroit area teachers to its education staff. From a photo caption: James Shirley, former DFT Building Representative at Alger Elementary later took a job as director of the UAW's basic education program for manpower training. The photo showed Shirley supervising a UAW-sponsored educational program for the unemployed in Spring Valley, New York. *Detroit Teacher* 27 (4), March 1968, 4.

<sup>17</sup> Selden Oral History, 18.

<sup>18</sup> Selden Oral History, 17.

<sup>19</sup> Philadelphia signed a contract before Detroit.

<sup>20</sup> Riordan, who grew up in southwest Detroit and attended public schools where the students did not speak English and teachers skipped her through grades rather than pay attention to her, switched to Catholic school in eighth grade and attended Marygrove College, graduating in 1941 with a degree in home economics. She began teaching in western Michigan after the Detroit schools would only hire her as a substitute and a suburban school took away her contract when she revealed she was Catholic. Back in Detroit in 1944, Riordan was placed at Burns and later taught grades 5 to 8 at Crary Elementary. She was recruited to the DFT by a fellow Marygrove alum, at a Marygrove function. Riordan learned how to run an organization from the Association of Catholic Trade Unionists, in which she was an active member. Riordan Oral History, 6.



organizers of the UAW's Chrysler local.<sup>21</sup> The DFT executive secretary, and Riordan's confidant, knew Selden from his time organizing the Dearborn teachers union.<sup>22</sup> During the United Federation of Teachers' recognition campaign, Riordan visited New York and later during the DFT's recognition campaign, Selden flew to Detroit.<sup>23</sup>



**Fig. Tony Kolar passes the presidential briefcase to Mary Ellen Riordan, Detroit, 1960. Reuther Library Image 34032.**

The DFT approached the UAW for help not only because the AFT “didn’t have any money.” Riordan thought her members would “get a better reception” from Walter Reuther, known for his liberal views and successful bargaining, than from the “old guild type unions that were part of the AFL.”<sup>24</sup> However, when Detroit teachers shared how few workers had signed union cards, the autoworkers told them to “forget it” until they had a “much, much larger proportion of membership.”<sup>25</sup> Reuther himself spoke at the AFT convention in 1962, but not

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<sup>21</sup> Sophie McGloin, “Kolar Honored at Retirement Reception,” *Detroit Teacher* 26 (8), June 1967, 3.

<sup>22</sup> Riordan Oral History. Selden was an organizer practiced in local politics—he had attempted to set his Dearborn, MI colleagues’ salaries by electing the city’s school board during the 1940s. David Selden, *The Teacher Rebellion* (Washington, D.C.: Howard University Press, 2003).

<sup>23</sup> Riordan Oral History, 68.

<sup>24</sup> Riordan Oral History, 64.

<sup>25</sup> Riordan Oral History, 65.

earlier as Riordan remembered “because he wouldn’t come to speak to us when we were a small organization.”<sup>26</sup> When DFT membership increased, the UAW facilitated a \$25,000 grant from the AFL-CIO’s Industrial Union Department. Even after Reuther turned the DFT relationship over to Irv Bluestone, Doug Fraser, and their staffers, teacher unionism was a priority for the UAW. Fraser, pictured seated in the AFSCME photo below, was himself elected president of the UAW in 1977. Both the DFT and Detroit Board of Education continued to work closely with Bluestone for years. While male UAW officers held the largely female rank-and-file teachers to the organizing standards of any other workers, once the DFT won, men remained the public face of unionism in Detroit.

At the center of Detroit’s school board was Abraham Zwerdling, the UAW associate general counsel. During the 1950s, Zwerdling served on school finance committees, one run by the Detroit Board of Education, the other— “Save Our Schools,” later “Serve Our Schools”—led by his wife Thelma, his boss Walter Reuther and his wife May, herself a former DFT member, and other union and teacher officials.<sup>27</sup> The National Education Association’s Michigan affiliate called it a “CIO plot.”<sup>28</sup> In addition to Walter, the other Reuther brothers took their turn in school politics: the Detroit Federation of Teachers courted Victor for a 1945 board run while Roy advised the board on fundraising during the 1950s.<sup>29</sup> Zwerdling campaigned to float school construction bonds and levy school millage taxes, first as head of the Detroit chapter of the liberal anti-communist

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<sup>26</sup> Riordan Oral History, 120.

<sup>27</sup> Zwerdling served on the Serve Our Schools Committee and the Citizens’ Advisory Committee on School Needs. “One Candidate Appears Best Qualified,” *The Detroit Free Press*, August 30, 1964, 6. Mirel, *Rise and Fall*.

<sup>28</sup> Michigan Education Association quoted in Mirel, *Rise and Fall*, 226.

<sup>29</sup> Mirel on Victor. Roy Reuther statement on School Financial Crisis before the Detroit Board of Education, Special Meeting, May 7, 1957, UAW Region 1A Collection, Box 1, Folder 12 Detroit schools 1951-1957, Archives of Labor and Urban Affairs, Wayne State University (hereafter Reuther Library).

Americans for Democratic Action, and later at UAW president Reuther's urging, on the Detroit Board of Education from 1965 to 1970.<sup>30</sup>

UAW leaders like Reuther and Zwerdling believed participation in public education was a form of labor citizenship.<sup>31</sup> One of Zwerdling's law partners stressed to the city's public workers' unions "how important it is to have a labor lawyer in office."<sup>32</sup> When Zwerdling was elected alongside a minister, a telephone company executive, and a doctor as the "most solid liberal majority" in the school board's history, Reuther wrote with congratulations.<sup>33</sup> Personally, Reuther considered the victory "important and hopeful." He liked to see his "bright young friends getting ahead." Moreover, a person of Zwerdling's "courage and commitment" would significantly and meaningfully contribute to education, "the key to the future of our free society." The language of Cold War liberalism had a particular resonance in the auto industry, where Reuther feared automation would remove jobs for line workers without certificates or degrees.

Zwerdling and the school board secured the wages and benefits of public sector unionism for Detroiters. An attorney for the American Federation of State, County, and Municipal Employees (AFSCME) since the 1950s, Zwerdling kept Reuther's assistant Irv Bluestone up to date on the competition between unions seeking to represent bus drivers, cafeteria workers, janitors and other non-teaching Board of Education employees. In turn, AFSCME informed Zwerdling of negotiation delays: the city argued its governing documents, not collective bargaining, could resolve the union's issues.<sup>34</sup> Zwerdling proposed the Board of Education could speed up the city's

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<sup>30</sup> Mirel argues Walter Reuther convinced Zwerdling to lead the slate of Board of Education candidates.

<sup>31</sup> A. L. Zwerdling, "As Other See It—Voice of the People: The ADA Outlines Its Attitude on School Administration Issues," *The Detroit Free Press*, July 18, 1951, 6.

<sup>32</sup> Public Employees Council #77, Delegate Assembly Mtg., October 26, 1964, The Alton Cobb Collection, Box 1, Minutes, Council 77, 1964,67 Folder, Reuther Library.

<sup>33</sup> Walter Reuther to Abe Zwerdling, December 4, 1964, UAW President's Office: Walter P. Reuther Collection, Box 428, Folder 10, Reuther Library.

<sup>34</sup> William VanZandt to A. L. Zwerdling, April 12, 1966, UAW President's Office: Walter P. Reuther Collection, Box 428, Folder 11, Reuther Library.

process by specifying suitable bargaining units.<sup>35</sup> When the Detroit Board of Education bargained with 2,200 members of AFSCME Council 77, Zwerdling signed the first public sector union contract under Michigan's 1965 Public Employee Relations Act.<sup>36</sup> The DFT, which had endorsed Zwerdling in 1964 while the Detroit Education Association went for a rival slate, needed the same back channel support from the school board.<sup>37</sup>



Fig. "UAW Vice President Doug Fraser (seated) looks over an AFSCME organization chart during a meeting between the unions at UAW's Solidarity House in Detroit. Around him, from left: Irving Bluestone, aide to UAW President Walter Reuther; Alton Cobb, director of Detroit Public Employees, AFSCME Council 77; A. L. Zwerdling, legal counsel for AFSCME; and other Michigan AFSCME officials." Reuther Library Image 24709.

The DFT forced the legalization of collective bargaining with the UAW's help. At the UAW's request, Michigan's attorney general declared teacher collective bargaining legal in

<sup>35</sup> A.L. Zwerdling to Irving Bluestone, April 11, 1966, UAW President's Office: Walter P. Reuther Collection, Box 428, Folder 11, Reuther Library.

<sup>36</sup> Public Employees Council #77, NOW SEE THIS!!!!!! Flyer, undated, AFSCME Publications, <>, Reuther Library. "A.L. Zwerdling Dies; Leading Labor Lawyer," *New York Times*, May 19, 1987.

<sup>37</sup> "Issues Vary Among Six Candidates for the School Board," *The Detroit Free Press*, October 18, 1964, 11.

Detroit.<sup>38</sup> Bluestone mediated between the DFT and the Detroit school board over the terms of a referendum for teachers to choose collective bargaining. After a DFT march and strike threat, Reuther's assistant conveyed a message from school board members: hold off on the strike, and the board would oversee first the referendum, and then a union representation election. Teachers waited to strike until 1967. As the DFT successfully fought off the Detroit Education Association, Selden noted "the major difference between the National Education Association and the American Federation of Teachers is that the NEA is an establishment and we are a movement."<sup>39</sup> Once teachers secured their 1965 contract, Zwerdling's law firm turned to advocating labor rights for university faculty.<sup>40</sup> When the DFT's publication for members, *Detroit Teacher*, covered the circuit court's favorable ruling in the professors' case, editors introduced Zwerdling as a "good friend of the DFT."

After teachers won their first contract with UAW political and financial backing, Riordan hoped teachers could negotiate professional issues in a "second phase" of bargaining. Preparing contract proposals in the spring of 1967, Riordan wanted to address curriculum, textbooks, teaching methods, and the uses of federal aid then decided by supervisors, the "'ivy league' crowd in the colleges of education," and publishers.<sup>41</sup> Filing a grievance with the board for violating the union contract, the DFT defended a Spanish teacher punished for refusing to use the textbook *Entender y Hablar*. The union also surveyed biology teachers about the problematic *Patterns and Processes*.<sup>42</sup> Earlier, the school board itself voted 4 to 1 to buy no textbooks published by

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<sup>38</sup> David Selden, *The Teacher Rebellion* (Washington, D.C.: Howard University Press, 2003).

<sup>39</sup> Riordan Oral History, 118.

<sup>40</sup> "Professors Win Right to Bargain," *Detroit Teacher* 27 (3), January 1968, 10.

<sup>41</sup> Mary Ellen Riordan, "The President's Column," *Detroit Teacher* 26 (Special), April 14, 1967, 2. "New Contract Gains," *Detroit Teacher* 27 (1), October 1967, 5.

<sup>42</sup> "Union Widens Textbook Inquiry With Survey of Biology Text," *Detroit Teacher* 27 (4), March 1968, 15.

Kingsport Press, whose employees had been on strike since March 1963, “if comparable texts are available elsewhere” thereby balancing its interest in social justice and Detroit children.<sup>43</sup>

Even while negotiating a contentious 1967 contract with teachers, Zwerdling held planning sessions with district staff on the AFT program More Effective Schools (MES), first adopted in New York teachers’ 1965 contract. Together, the Detroit Board of Education and the DFT submitted a proposal for federal Elementary and Secondary Education Act Title III funds at the end of the 1966-1967 school year.<sup>44</sup> A Detroit delegation that visited an East Harlem MES school came away impressed in the spring of 1968.<sup>45</sup> Later known as Neighborhood Education Projects and implemented on the city’s eastside beginning in the fall of 1968, Detroit’s MES doubled teaching staff.<sup>46</sup> The DFT’s 1967 contract also cut K-2 class sizes to a maximum of 25 students in high-poverty schools.<sup>47</sup> Detroit teachers thought this existing program would make more of a difference than all the new programs funded by federal aid.

The DFT needed help from the broader labor movement to redirect funds. Speaking as a delegate to the 1967 AFL-CIO convention in Miami, Riordan asked the international union to “put its power and prestige in Washington” behind a “drastic reduction in class size” rather than a “grab-bag of pilot projects, remedial and enrichment programs and supplementary educational services.”<sup>48</sup> Writing to the U.S. Office of Education, however, the AFT distanced itself from industrial unions. While a “production worker performing a simple repetitive operation” could let

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<sup>43</sup> “Board Rules of Kingsport Press,” *Detroit Teacher* 26 (4), January 1967, 4.

<sup>44</sup> Later, Congressman John Conyers introduced HB 16357 for \$1 billion in federal aid to MES. The AFT held a Midwest Conference on MES in Chicago in 1969 with 12 Detroiters in attendance. “Union Collaborates with Board on ‘More Effective Schools’ Program,” *Detroit Teacher* 27 (1), October 1967, 1.

<sup>45</sup> Bowers arranged for a group from Detroit to visit an MES school in East Harlem, P. S. 83, and the group came away impressed. This letter was the first of a series of articles on New York’s MES in the March 1968 *Detroit Teacher*. Constance D. Cooper to Helen Bowers in “Our Readers Write,” *Detroit Teacher* 27 (4), March 1968, 4.

<sup>46</sup> Mary Ellen Riordan, “The President’s Column,” *Detroit Teacher* 27 (5), June 1968, 1.

<sup>47</sup> “C. B. Gain Put into Effect—Class Size Down in 35 Schools,” *Detroit Teacher* 27 (3), January 1968, 1.

<sup>48</sup> “Re-direct Federal Aid—Union Asks,” *Detroit Teacher* 27 (2), December 1967, 1, 8.

his mind “wander” and still keep up with the assembly line, teachers could succeed only if their students succeeded, the AFT wrote.<sup>49</sup>

The Detroit school board’s influence on private sector bargaining was more limited when it pressed the UAW on the union’s own hiring practices. In 1966, the school board asked autoworkers and auto companies to accept more Black skilled trades apprentices from Detroit high schools. Due to the difficulty of replacing highly-trained workers, the skilled trades had always been a powerful, and selective, group within the autoworkers’ union. Misquoted by a reporter at a heated school board meeting, Zwerdling wrote Reuther’s assistant to explain that his statement in the local conservative newspaper—“The only thing that will work is for labor to agree it wants to do something”—had actually included labor *and* industry.<sup>50</sup> Writing just weeks after students walked out of Northern High School to protest their principal’s racism, even Zwerdling wondered whether the district’s apprenticeship programs should continue.<sup>51</sup> The DFT wanted to petition other AFL-CIO unions “to eliminate discrimination against minority groups from the apprenticeship programs.”<sup>52</sup>

There were limits to white and Black school leaders’ liberalism. While the Detroit school district commissioned nonracist textbooks and hired Black teachers and administrators, setting standards nationwide, school construction sites and student attendance zones kept students segregated by race. Conferences and workshops on integration elsewhere were more popular than hometown task forces and proposals.<sup>53</sup> In the spring of 1967, the DFT and its statewide affiliate

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<sup>49</sup> Position paper to the U.S. Office of Education quoted in “Re-direct Federal Aid—Union Asks,” *Detroit Teacher* 27 (2), December 1967, 1, 8.

<sup>50</sup> A. L. Zwerdling to Irving Bluestone, April 28, 1966, UAW President’s Office: Walter P. Reuther Collection, Box 428, Folder 11, Reuther Library.

<sup>51</sup> Barry M. Franklin, “Community, race, and curriculum in Detroit: The Northern High School walkout,” *History of Education*, vol. 33, no. 2, March 2004, 137-156.

<sup>52</sup> Calvin M. Rosario to the Editor, “Our Readers Write,” *Detroit Teacher* 28 (6), May 1969, 4.

<sup>53</sup> Beginning in December 1966, the AFT and its locals held conferences on “Racism in Education” featuring historians like James McPherson and John Hope Franklin. In Detroit, conference speakers ranged from professors to

hosted a regional conference on “Afro-American History,” questioning whether “American Education” was a “partner” in the spread of racism. In large groups, Black nationalists demanded Black administrators in Black schools; in small groups, “tempers flared” and “tears flowed.”

The school board and teachers union recruited Black leaders. The long-time executive secretary of the Detroit branch of the NAACP joined the school district to lead the Community Relations Division.<sup>54</sup> Detroit elementary school teacher and teacher union leader Zeline Richard and a handful of district staff ran federally-funded institutes on integration for nearly one hundred educators from seven school districts during the summer of 1967.<sup>55</sup> The director of the institute feared that metropolitan integration required “(m)assive inter-governmental efforts.” By February 1968, the Detroit school board’s Task Force on Quality Integrated Education agreed—56.7 percent of Detroit students were Black.<sup>56</sup> Richard chaired the DFT’s Quality Integrated Education Committee, originally the Civil Rights Committee.<sup>57</sup> Richard’s journey from integration to self-determination typified the experience of many Black Detroiters.

In the beginning, Richard joined a union that “really put up a good fight” and that “held out beautiful dreams.”<sup>58</sup> Richard grew up on the eastside of Detroit in a UAW family with the

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the national director of CORE. Reviewing the conference workshops, DFT planners noted they had planned “confrontation” but were hampered by limited participation in small groups. Racism in Education: American Education: A Partner in the Perpetuation of Racism?, Program for the DFT and MFT Regional Conference on Afro-American History, University of Detroit Memorial Fieldhouse, May 11-13, 1967; Racism in Education Report of Workshop Committee, May 26, 1967; “Racism in Education—Follow Up,” *Negro Digest*, July 1967, 95; Racism in Education conference, Detroit, 1967 Folder, Box 39, Decentralization 1968-1970 Folder, Box 29, Riordan papers. Fine, *Violence in the Model City*, 56.

<sup>54</sup> Fine, Ch. 3, *Violence in the Model City*.

<sup>55</sup> Edward Leibson, Institute Training Program Final Report, September 1967, ERIC ED 056 112.

<sup>56</sup> Beginning in 1965, the Detroit school board’s Project 1 trained staff in intergroup relations to prevent segregation in racially transitioning neighborhoods while its Project 2 paired white and Black students for out-of-school programs in diverse neighborhoods. Savage, “Beyond Boundaries.”

<sup>57</sup> “Union Presses Negotiations as Present Contract Expires,” *Detroit Teacher* 28 (7), June 1969, 1. “DFT’s Zeline Richard Named to ‘New Detroit,’” *Detroit Teacher* 29 (6), April 1970, 6. Edward Leibson, Institute Training Program Final Report, September 1967, ERIC ED 056 112.

<sup>58</sup> Zeline Richard interviewed by Herbert Hill on March 19, 1969, 10, in *Blacks in the Labor Movement Oral Histories*, Walter P. Reuther Library, Detroit, MI.



money to pay for her college degree in health and physical education from Wayne State University.<sup>59</sup> After a school tax election victory in 1947, Detroit Public Schools could afford to hire Richard, a Black woman.<sup>60</sup> “I joined the Detroit Federation of Teachers” Richard said “because my father worked in the plant.”<sup>61</sup> Richard signed a union card in 1948 despite the only other Black teacher at her elementary school’s warning that Richard would “get trouble” from the principal. When the principal sabotaged Richard’s evaluation by the health department, Richard fought back and became her school building’s union representative. Richard got more involved in her union after a disputed call during a basketball game led to retaliation—“Z” lost her certification as a referee despite her high national rating. During the fight for collective bargaining, Richard spoke to white and Black teachers across the city about the dignity and equality in a union. The physical education teacher memorably and publicly challenged union members to act on their beliefs. The DFT’s executive secretary recruited Richard to run for the DFT executive board because she was a “rabble rouser.”<sup>62</sup> Over time, Richard came to represent a faction of the union opposed to DFT president Riordan and in support of community control.

### *The Unions Divided*

As National Guardsmen rolled through the motor city in tanks, enforcing a curfew to end the deadliest urban uprising of the decade, Detroit school board member Abraham Zwerdling asked the UAW’s Irv Bluestone for help on school finance.<sup>63</sup> Months earlier, when the DFT fended off a representation challenge from the rival Detroit Education Association, Bluestone lauded the

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<sup>59</sup> Richard attended Detroit Public Schools and graduated from Miller High School. <>

<sup>60</sup> Richard began teaching at Smith and transferred to Lincoln (later Spain) to train for a promotion to senior health teacher that never came.

<sup>61</sup> Richard Oral History, 3.

<sup>62</sup> Executive Secretary Helen Bowers.

<sup>63</sup> Abe Zwerdling to Irving Bluestone, July 28, 1967, UAW Region 1B Collection, Box 235, Folder 34 Public Schools; financing, 1973, Reuther Library.

“wonderful victory” as a “great day for the union movement.”<sup>64</sup> Labor leaders like UAW president Walter Reuther had funded teachers’ organizing campaigns throughout the 1960s, assuming that once teachers won union recognition they could self-fund political campaigns through union dues.<sup>65</sup> For decades, the two labor communities had worked together to support public schools but they could no longer hold together a coalition large enough to redistribute resources within their unions, or within the city. Campaigning for a more generous contract with the Detroit school board, teachers struck. The DFT’s successful 1967 strike ushered in an era of budgets deficits as teachers’ interests diverged from autoworkers’—especially those with children in private schools.

In the Detroit streets where protesters fought police who had raided an illegal bar—a “blind pig”—just a month before, ten thousand striking teachers marched and rallied for two weeks at the beginning of the 1967 school year. Teachers waved signs that read “Equalize the School Year,” “Keep Good Teachers in Detroit,” “Quality Integrated Education for All Children,” “Don’t Economize on Our Kids,” and DFT president Mary Ellen Riordan’s slogan “Teachers Want What Children Need.”<sup>66</sup> The union’s long-time executive secretary noted that Detroit teachers “understood as well as any UAW man the power contained” in the phrase, “No Contract—No Work.”<sup>67</sup> Concerned with provision of and access to social services, these phrases represent public sector unionism in particular. Although public worker strikes remained illegal under Michigan law, no judge stopped the strike in a union town where teachers had the public and the UAW on their side. Unlike in other Michigan cities that fall, the Detroit Board of Education did not even

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<sup>64</sup> Bluestone quoted on page 4. “DFT Continues as CB Agent,” *Detroit Teacher* 26 (7), May 1967, 1.

<sup>65</sup> The UAW cut off the DFT in 1967, two years after Detroit teachers signed a contract but two years before they collected agency fees.

<sup>66</sup> “New Contract Gains,” *Detroit Teacher* 27 (1), October 1967, 5.

<sup>67</sup> Helen Bowers, “As A Matter of Fact...” *Detroit Teacher* 27 (1), October 1967, 4.

ask for an injunction. Rallying the strikers, one of Reuther's administrative assistants offered the UAW leader's support for teachers' "attempt to win economic justice."<sup>68</sup>

Since 1965, state government had protected teachers' right to collectively bargain but agencies, boards, and commissions could not guarantee contract gains when schools were financed locally. Courts already set budgets in the cash-strapped city, upholding a citizens' lawsuit to prevent the school district from starting the previous school year on a half-day schedule.<sup>69</sup> While teachers secured a salary increase with only the threat of a strike in 1965, the \$850 per year raise they won on strike in 1967 was less than the \$1,200 demanded.<sup>70</sup> The state legislature-commissioned Michigan School Finance Study identified two problems for school funding: a "wave of militancy" by teachers and a "wave of violence" in cities.<sup>71</sup>

Strikers faced opposition from civic groups like the NAACP which desired stability after the Detroit uprising and from activists who wanted community, not teacher or union, control over schools and school boards.<sup>72</sup> Scholars and participants alike continue to debate whether or not Black Detroiters' exclusion from economic prosperity caused the uprising. Nonetheless, the business response—hiring Black men into disappearing manufacturing jobs—was inadequate.<sup>73</sup> Repurposed after the summer of 1967, the National Urban Coalition enlisted businesses in establishing the Great Society in cities.<sup>74</sup> Whether or not more equal education would stop violence in the model city, the National Urban Coalition invested money in Detroit schools too.

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<sup>68</sup> James Ogden quoted in "Teacher Settlement Is Close," *Detroit Free Press*, September 12, 1967, 1A.

<sup>69</sup> Mirel, *Rise and Fall*.

<sup>70</sup> Mary Ellen Riordan, "The President's Column," *Detroit Teacher* 26 (Special), April 14, 1967, 2. "New Contract Gains," *Detroit Teacher* 27 (1), October 1967, 5.

<sup>71</sup> Thomas report.

<sup>72</sup> Jon Shelton, *Teacher Strike!: Public Education and the Making of a New American Political Order* (2017).

<sup>73</sup> See the Detroit Historical Society's recent Detroit 1967 exhibit.

<sup>74</sup> After resigning from President Johnson's cabinet, liberal Republican John W. Gardner repurposed the National Urban Coalition to increase cooperation between business and government in cities including Newark, New York, Los Angeles, and San Francisco, as well as Detroit. A Berkeley-trained psychologist, the former Connecticut college professor and past Carnegie Corporation president had been well-positioned to lead Johnson administration

President Riordan rather than vice president Richard spoke for the teachers union to a national civil rights audience even after the Detroit uprising of July 1967 showed the urgency of recognizing Black agency. Although Richard was invited to the U.S. Civil Rights Commission's conference "Equality Education Opportunity in America's cities," Riordan addressed a crowd that included the AFT member who designed Berkeley, CA's desegregation plan in addition to Detroit school board members and district administrators.<sup>75</sup> The tension between the two female union officers over who would speak was characteristic of a deeper question: was there one union to speak for. So long as Black and white labor leaders were aligned it may not have mattered. At the conference, the civil rights and labor leader Bayard Rustin urged "minority groups" to join with "progressive groups" for as long as they moved in the same direction during this "period of politics."

A New Caucus of Black and white AFT members echoed the decolonization movement's call for self-determination in the third world.<sup>76</sup> A year after the overthrow of Republic of Ghana president Kwame Nkrumah, and a month away from the Detroit uprising, many teachers were done waiting for change in their schools. When the DFT's first Black vice president, Ed Simpkins, tore up his Progressive Caucus membership and walked out of the 1967 AFT Convention in Washington, D. C., teachers like Zeline Richard who followed him formed the New Caucus.<sup>77</sup>

New Caucus members learned parliamentary procedure in order to be heard on their issues—

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education policy, starting with a Task Force on Education of fellow academics and foundation officials. The Task Force included former Harvard Graduate School of Education dean and U. S. Commissioner of Education Francis Keppel, James Conant, and then-Teachers College president John H. Fisher, among others, who privately reported to the president. Gardner served as Johnson's Secretary of Health, Education, and Labor and later founded Common Cause.

<sup>75</sup> "Riordan Speaks on Panel at U.S. Civil Rights Commission," *Detroit Teacher* 27 (2), December 1967, 1.

<sup>76</sup> Russell John Rickford, *We Are an African People: Independent Education, Black Power, and the Radical Imagination* (New York: Oxford University Press, 2016). Adom Getachew, *Worldmaking after Empire: The Rise and Fall of Self-Determination* (Princeton, NJ: Princeton University Press, 2019).

<sup>77</sup> Selden, Riordan, and others had themselves created the Progressive Caucus in response to conservative control of the AFT.

racism, the Vietnam war, poverty—within the AFT. Richard speculated that everyone would have rejoined the Progressive Caucus if so many had not left together.<sup>78</sup> Black DFT officers like Simpkins and Richard believed they “could sit down and break bread together and come to a decision.”<sup>79</sup> Forty percent of Detroit teachers were Black by the end of the 1960s, compared to eleven percent in New York; “Detroit is not New York” Richard told the NAACP’s labor director.<sup>80</sup>

The New Caucus found a home in Detroit, where Black liberation theology and revolutionary theory inspired political and labor action.<sup>81</sup> DFT members affiliated with the New Caucus thought parents’ fight for community control was similar to teachers’ fight for union recognition. Administrators and school board members had been “able to swallow New Math, ungraded primaries, team-teaching, carpeting in classrooms, etc.” but somehow “parent-partners” and “teacher-partners” stuck in their throats.<sup>82</sup> Together, teachers and parents could influence school board decisions. However, New Caucus leaders like Richard frequently disagreed with DFT officers affiliated with the Progressive Caucus over school discipline.<sup>83</sup> During the protests and occupations that characterized Detroit schools in the late 1960s, some teachers learned to

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<sup>78</sup> Richard Oral History, 15.

<sup>79</sup> Richard Oral History, 21.

<sup>80</sup> Richard Oral History, 21.

<sup>81</sup> Angela D. Dillard, *Faith in the City: Preaching Radical Social Change in Detroit* (Ann Arbor, MI: University of Michigan Press, 2007). Dan Georgakas and Marvin Surkin, *Detroit, I Do Mind Dying* (Cambridge, MA: South End Press, 1998).

<sup>82</sup> Evelyn Sell of Burton Elementary, “Viewpoint—New Caucus Defends Community Control,” *Detroit Teacher* 28 (4), February 1969, 10.

<sup>83</sup> Teachers like Riordan’s confidant the DFT’s executive secretary defended their right to use corporal punishment in the classroom and raised fears about violence in the schools. When an elementary school student assaulted a teacher, the union enforced 1967 contract language requiring the student transfer to a new school. In this case, the ACLU opposed the DFT too. After a few years of debates about community control, the DFT’s new contract proposals provided for teacher-community disciplinary committees, rather than the board’s recommendation for private security guards. Mary Ellen Riordan, “The President’s Column,” *Detroit Teacher* 27 (4), March 1968, 2. Evelyn Sell, “Viewpoint—New Caucus on: Guards in the Schools,” *Detroit Teacher* 28 (7), June 1969, 5.

cooperate with “student-partners.”<sup>84</sup> When King High School students boycotted over district administration, the DFT building rep recognized students’ many “valid” demands and re-established order in the school by enlisting students to enforce rules.<sup>85</sup>

Surprised by the first public mention of Detroit’s participation in the decentralization movement, Riordan credited McGeorge Bundy, president of the Ford Foundation. Riordan thought a November 1967 Ford Foundation report gave “immense status” to a proposal that had raised discussion in New York to a “fever pitch” and had “been steadily winning acceptance and support, particularly in big-city ghettos.”<sup>86</sup> New York settled on thirty regional school districts, while Los Angeles contemplated ten and Detroit eight.<sup>87</sup> In December 1967, the Detroit school district’s High School Study Commission recommended reconstituting the seven-member Detroit school board into a thirteen-member central school board and eight regional school boards.<sup>88</sup> The state legislature authorized this change during the summer of 1969.

Many city residents wanted community control of individual schools more than decentralization of administrative decisions to regional school districts. In three New York regional school districts, Ford funded locally elected school boards, which were authorized to hire and fire personnel and to set budgets and select curriculum. Representatives from New York, Detroit, Philadelphia, Baltimore, and Chicago met at Harvard University during the winter of 1968 to plan an expansion of community control to additional city schools.<sup>89</sup> During the fall of 1968,

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<sup>84</sup> Thompson, *Whose Detroit?* follows reaction to police violence in the schools and student protest coordinated with the League of Revolutionary Black Workers. Dara R. Walker, "Black Power, Education, and Youth Politics in Detroit, 1966-1973," (Ph.D. dissertation, Rutgers The State University of New Jersey, 2018).

<sup>85</sup> Frank Parker, “Teachers Join Together and Restore Order at King High,” *Detroit Teacher* 28 (5), April 1969, 2.

<sup>86</sup> Mary Ellen Riordan, “Should Board Decentralize?” *Detroit Teacher* 27 (3), January 1968, 2.

<sup>87</sup> Robert Fairbanks, “Plan to Split Up School District Gains Support,” *Los Angeles Times*, March 10, 1968, AB

<sup>88</sup> The Detroit school district created a High School Study Commission to recommend community involvement after student protest of a racist principal led to a Freedom School during the summer of 1966.

<sup>89</sup> Creative Black Solutions through Community Control, *Foresight*, Vol. 1, No. 4, August 1969, Decentralization 1968-1970 Folder, Box 29, Mary Ellen Riordan Papers, Reuther Library.

leaders of New York City and Washington D.C. school decentralization from I.S. 201 and Adams-Morgan, respectively, rallied alongside their comrades in Detroit.<sup>90</sup>

The Detroit group Citizens for Community Control of Schools aimed for a “fundamental redistribution of power.” First, the group advocated control of specific school or summer school programs, then direct action as needed.<sup>91</sup> The Detroit community control magazine *Foresight* argued educators had redefined a Black movement for school control. Indeed, the DFT’s magazine *Detroit Teacher* ceded a column to community control proponents. The Black community needed its own “communication arm:” Detroit’s Black Teachers’ Workshop shared information on education research and activities in *Foresight* and regular bulletins, which featured New York consultants and the Detroit activist Grace Boggs, among others.<sup>92</sup> *Foresight* writers, unlike Black DFT officers, were not interested in breaking bread with teachers. Teachers unions were “resistance forces” oriented towards racism and pay rather than students, and interested more in union than education strategy.<sup>93</sup>

DFT president Mary Ellen Riordan had to reconcile competing understandings of power. The school district’s Black male labor negotiator, Aubrey McCutcheon, clashed with Detroit’s largely white female teaching force when he hired Kelly Girls temp workers to collect information from teachers’ personnel files. Defending their professional status against an administrator and

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<sup>90</sup> “Citizens for Community Control of Schools,” *Foresight*, Vol. 1, No. 3, February 1969, Decentralization 1968-1970 Folder, Box 29, Mary Ellen Riordan Papers, Reuther Library

<sup>91</sup> Citizens for Community Control of Schools brochure, Jewish Labor Committee, Box 32, Folder 2, Reuther Library.

<sup>92</sup> The national PROJECT: Community Control shared materials, connected schools, and identified leaders to make education a “nation building tool” of struggle, or failing that, shared decision-making. Community Control of Schools: New roles for parents, students, and teachers!! *Foresight*, Vol. 1, No. 3, February 1969, Decentralization 1968-1970 Folder, Box 29, Mary Ellen Riordan Papers, Reuther Library.

<sup>93</sup> See Nick Juravich on teachers’ role in disciplinary policy and the carceral state. *Foresight* advocated merit pay for teachers. Community Control of Schools: New roles for parents, students, and teachers!! *Foresight*, Vol. 1, No. 3, February 1969, Decentralization 1968-1970 Folder, Box 29, Riordan papers.

casualized assistants, teachers halted the investigation.<sup>94</sup> Writing her *Detroit Teacher* readers on the topic of decentralization, Riordan observed that “local leadership however dedicated and committed” could not “solve the money problem” which she insisted “(e)verybody” agreed was the “biggest problem faced by big-city schools.”<sup>95</sup> Much as in Chicago’s more racially divided labor movement, though, Black teachers in Detroit would not fight for more resources until they were equally distributed.<sup>96</sup> Many Detroiters had given up on integration. Black parents, many of them with union jobs in auto plants, had refused to pay taxes for racially segregated schools throughout the 1960s.<sup>97</sup> Teachers had no more resolved racial tensions in their union than had the autoworkers who funded their organizing drives.

Another path to community control of urban public education was paraprofessional organizing.<sup>98</sup> Often women of color, paraprofessionals assisted teachers in the classroom and through union contracts, accessed teacher training and thus professional careers. A Queens College political science professor and advisor to the Ford Foundation thought paraprofessionals were “the key to increased participation for the community in the schools.”<sup>99</sup> After a showdown between the Ocean Hill-

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<sup>94</sup> McCutcheon collected data for the High School Study Commission he co-led. *Detroit Teacher* 26 (7), May 1967, 1.

<sup>95</sup> Mary Ellen Riordan, “Should Board Decentralize?” *Detroit Teacher* 27 (3), January 1968, 2.

<sup>96</sup> As the historian Elizabeth Todd-Breland notes, Chicago activist Rosie Simpson, who worked for both school integration and community control at the same time but for different organizations, began her organizing career in the meatpackers union. WWII opened jobs to Black women like Simpson, who joined the disassembly line and was elected steward of the United Packinghouse Workers of America Local 347, a union fighting for integration and equal pay in the workplace. Labor ties lasted. When activists were arrested protesting mobile classrooms (“Willis Wagons”) used to maintain segregation in overcrowded Chicago schools in 1963, the UAW provided bail money at Simpson’s request. Elsewhere, Todd-Breland focuses on the tension between radical Black teachers and the labor movement but this early period demonstrates the possibilities of civil rights unionism in Chicago. Todd-Breland omits the labor movement’s 1968 Chicago school finance case *McInnis*. Elizabeth Todd-Breland, *A Political Education: Black Politics and Education Reform in Chicago since the 1960s* (Chapel Hill, NC: The University of North Carolina Press, 2018): 21, 28, 136-7.

<sup>97</sup> Mirel, *The Rise and Fall of an Urban School System*.

<sup>98</sup> Nick Juravich, *The Work of Education: Community-Based Educators in Schools, Freedom Struggles, and the Labor Movement* (Champaign-Urbana, IL, University of Illinois Press, forthcoming).

<sup>99</sup> Dr. Marilyn Gittell. National Committee for Support of the Public Schools, 7<sup>th</sup> Annual Conference, April 1, 1969, Community Participation Workshop summary of remarks, Decentralization 1968-1970 Folder, Box 29, Riordan papers.



Brownsville Governing Board in Brooklyn and the United Federation of Teachers over the board's firing of unionized teachers led to a strike at the start of the 1968 school year, community control became notorious for conflict. By contrast, Ocean Hill-Brownsville's lead administrator argued paraprofessionals provided stability in schools. In the following years, United Federation of Teachers president Albert "Al" Shanker recruited paraprofessionals to the teachers union.<sup>100</sup> In contrast to New York, Detroit did not include paraprofessionals in its teachers bargaining unit.<sup>101</sup> Two generations of Detroit labor ran against each other for the national union presidency weeks before the 1968 New York teacher strike raised future AFT president Shanker's profile.

DFT president Mary Ellen Riordan nominated former AFT field organizer David Selden as a candidate for president at the 1968 AFT convention in Cleveland.<sup>102</sup> Selden ran on a platform of merging the AFT and NEA because neither teachers organization alone "had enough strength and power to force the governments involved to come up with the money" necessary to improve education.<sup>103</sup> Like multilevel bargaining in the auto industry, Selden wanted federalist or sectoral bargaining in the schools.<sup>104</sup> Working-class teachers feared the AFT would "give up too much to merge with the NEA," the larger and wealthier teachers organization they were taught to look at as the "devil."<sup>105</sup> Black teachers felt unwelcome in the NEA, where segregated local associations were tolerated into the 1960s.

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<sup>100</sup> Based on Richard's oral history, it seems likely that Shanker organized New York paraprofessionals in order to win enough votes to be elected AFT president in 1974.

<sup>101</sup> DFT members voted down including paraprofessionals in the union at the April 1 membership meeting. United Federation of Teachers Paraprofessional Chapter Chairman Velma Hill led a six-person delegation from New York to set up an AFT Organizing Committee in Detroit after the DEA loomed large as the unchallenged bargaining agent in representation elections set for Detroit paraprofessionals. "Our Readers Write," *Detroit Teacher* 30 (12), May 3, 1971, 9. "Detroit teacher have stake: AFT makes bid for Paraprofessional vote," *Detroit Teacher*, 31 (1), September 23, 1971, 7.

<sup>102</sup> Riordan Oral History, 85.

<sup>103</sup> Selden estimated school needed about one-third more than they spent. Selden Oral History, 13.

<sup>104</sup> Selden Oral History, 15.

<sup>105</sup> Richard Oral History, 18.

Selden's refusal to support the principle of self-determination, associated with the policy of decentralization or community control, spurred the year-old New Caucus to run a last-minute slate of challengers with Richard for president.<sup>106</sup> Although Richard counted one-hundred caucus supporters, she received 586 votes out of nearly 2,400 total after a twelve-hour campaign.<sup>107</sup> Despite the New Caucus's strong showing, the rest of the teachers union was not persuaded to support community control. By the end of 1968, union teachers could not reach consensus to ally with professionals in the National Education Association or radicals in the community. At first teachers were unified, but as racial issues became more salient, their unity deteriorated.



Fig. Images 11863 and 11985, Reuther Library. Zeline Richard on the left, David Selden on the right, representing an older political formation in his bowtie. Richard Oral History, 37-38: “But, I didn’t realize—until everybody started coming to you or calling you asking, ‘What do you have on community control?’—that it was a hot issue because as usual in life, I move through fighting battles and somebody else comes along and writes a story and makes the money on it, you know.”

<sup>106</sup> Harvey Ford, “Negro Woman Seeks Presidency; Civil Rights Fight Erupts At Teachers’ Convention,” *The Toledo Blade*, August 21, 1968. Evelyn Sell, “New Caucus made gains at Teachers Union parley,” *The Militant*, September 13, 1968, 7

<sup>107</sup> A third candidate received fewer votes than Richard. Selden’s count outnumbered that of his challengers combined.

At the same time, teachers' ties to the labor movement weakened. Selden hoped articulate workers like teachers in an important industry like education would be the "base for a liberal organization" of their own. Contemplating an organization outside the AFL-CIO—a "Council of Unions For Professionals"—Selden used to say, "look if auto workers can do it teachers can do it."<sup>108</sup> However, the UAW's new labor federation fell short of its urban policy promises to build housing and organize unions of community members and the unorganized.<sup>109</sup> Teachers needed support from central labor councils affiliated with the AFL-CIO in disputes with boards of education, and remained in the labor federation.<sup>110</sup> Selden antagonized AFL-CIO president George Meany by defending unions that continued to accept assistance from the autoworkers. Although the AFT was the fastest growing union in the AFL-CIO during the 1960s, Meany refused to seat Selden on the powerful executive council.

### **Labor in the Courts: School Finance Reform and Teacher Union Agency Fees**

**This situation is somewhat ironic in that minorities' fights for equal educational opportunity were the wellspring of the present school finance reform movement. Indeed, one of the main theoretical foundations of the movement was Arthur Wise's book, Rich Schools Poor Schools, which was rooted in the desire to improve equal educational opportunity for minorities. Then as the early movement leaders went to court, their first lawsuits asked the courts to rule that states must provide education aid based on differential student needs (with Detroit and Chicago's large Black student populations mainly in mind). Only after the Supreme Court dismissed this contention (McInnis v. Ogilvie, followed by Burrus v. Wilkerson) did the activist lawyers turn to the Serrano 'fiscal neutrality' principle.**  
National Urban Coalition grant proposal to the Ford Foundation, April 1974

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<sup>108</sup> Selden Oral History, 1, 3.

<sup>109</sup> AFL-CIO president George Meany suspended the UAW in the spring of 1968. That summer, the UAW joined with the Teamsters to form the Alliance for Labor Action. Boyle, Ch. 10 "Things Fall Apart," *The UAW and the Heyday of American Liberalism*.

<sup>110</sup> Selden Oral History, 19.

While ideas about race and power worked their way through the union, schools still needed funding and teachers looked to a different set of ideas to equalize resources. University of Chicago education researcher Arthur Wise proposed that the quality of a student's school should not depend on their geographic location, parental circumstances, or "how highly his neighbors value education."<sup>111</sup> Wise argued the courts would strike down school districts drawn with discriminatory boundaries as they had legislative districts just years before.<sup>112</sup> As he told fellow members of the Detroit Board of Education, UAW attorney Abraham Zwerdling objected to quality of education being "largely governed by parental status and geography," or as the attorney put it more bluntly, by "how big and fancy the houses are."<sup>113</sup> Hearing the same answer to budget requests in the state capitol—"No"—again and again, the school board unanimously approved Zwerdling's motion at an early 1968 meeting to sue for state aid in the "court of last resort."<sup>114</sup> Just over a week later, the Detroit school board filed suit to compel Michigan "to discharge its Constitutional obligation to provide equal education opportunity for all children." All seven school board members and DFT president Mary Ellen Riordan witnessed the lawsuit's filing at Wayne County Circuit Court on February 2, 1968.<sup>115</sup>

Detroit teachers were at center of a national conversation about fiscal reform. A winter 1967 conference in Detroit gathered city school board members, state legislators, and educational organization leaders from across the country.<sup>116</sup> Teachers College adjunct professor James A. Kelly, soon-to-be a Ford Foundation program officer directing a network to reform school

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<sup>111</sup> Wise, *Rich Schools, Poor Schools*, xii.

<sup>112</sup> A. E. Wise, "Is Denial of Equal Educational Opportunity Constitutional?" *Administrators Notebook*, XIII no. 6 (February 1965). Arthur E. Wise, *Rich Schools, Poor Schools: The Promise of Equal Education Opportunity* (Chicago: University of Chicago Press, 1968).

<sup>113</sup> "Board of Ed. Sues State," *Detroit Teacher*, 16, 7.

<sup>114</sup> Zwerdling quoted in "Board of Ed. Sues State," *Detroit Teacher* 27 (4), March 1968, 16, 7.

<sup>115</sup> *Detroit Teacher*, March 1968, 16.

<sup>116</sup> March 1 Lansing, Michigan Conference on Fiscal Reform for Quality Education, February 27, 1967, Folder 7, Fiscal Reform 1962-1967, Box 31, MFT Part III, Series 4, Walter Reuther Library

finances, gave the conference keynote address. Locally, goals were modest: the Parent-Teacher Association campaigned to pass a one-half of one percent tax on property. However, the Detroit Board of Education believed it had reached a “tax limit” and could no longer fund schools by taxing the mostly Black, elderly, and poor residents of Detroit, who also had to fund police and other city services while nearby school districts could raise larger sums with lower tax rates.<sup>117</sup> Between 1966 and 1969, only one-sixth to one-quarter of Detroit’s property taxes went to schools.<sup>118</sup>

Detroit school board member Abraham Zwerdling personally welcomed “the demise of the local property tax for school finance.”<sup>119</sup> At the start of the 1960s, Michigan still depended primarily on the regressive property tax, which made up nearly half of state and local tax revenue.<sup>120</sup> As a proportion of their income, the poorest Michigan households paid three and a half times the rate of residential property taxes as the wealthiest.<sup>121</sup> The Michigan school aid fund, which distributed state aid to local districts for equalization, received revenue from regressive taxes on sales, cigarettes, and gas, and appropriations from the general fund, which significantly increased in 1965, after the “one person, one vote” legislature was seated.<sup>122</sup> Unionized teachers

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<sup>117</sup> After the uprisings, much more federal aid went to urban police and prisons than education. Elizabeth Kai Hinton, *From the War on Poverty to the War on Crime: The Making of Mass Incarceration in America* (Cambridge, MA: Harvard University Press, 2016).

<sup>118</sup> 16.79 to 22.53 percent. Guthrie et. al.

<sup>119</sup> Zwerdling, “Detroit’s Fight for Equal Educational Opportunity.”

<sup>120</sup> Thomas report, Table 6-2 The Property Tax in State-Local Revenue Systems Selected States, 1962, 179.

<sup>121</sup> Public finance economists determined that the lowest quartile of Michigan households ranked by income paid 3.5 percent of their income towards residential property taxes, while the highest quartile only paid 1 percent. Richard Musgrave, who brought European public finance to America, argued that education was a “merit want” (later public good) because the individual and society received returns. 1956 Richard Musgrave paper with Darwin W. Daicoff. In “From Seligman to Shoup,” Mehrotra suggests Columbia University professor Carl Shoup’s 1969 textbook *Public Finance* placed him alongside Musgrave as field leader. See the work of Maxime Desmarais-Tremblay on Musgrave.

<sup>122</sup> Thomas report, Table 6-9 Receipts of the Michigan School Aid Fund and the Primary School Interest Fund, 1956-67, 189.

and autoworkers wanted the state to fund education with the income tax Michigan legislators finally approved in 1967.

Union leaders took the same collective action approach to policy as to contracts: “We’ll never have the necessary tax action unless we demand it” they declared.<sup>123</sup> Together with teachers, the Parent-Teacher Association brought 1,200 allies to a rally at the state capitol during the spring of 1967, and wrote, telegraphed, and called legislators “at home on the weekend” to “vote for fiscal reform and increased State aid.” After teachers’ fall 1967 strike ended with a favorable settlement, their union continued lobbying for funding to pay for the new contract. A DFT vice president testified before a joint state legislative committee on education about increasing the state’s portion of education budgets.<sup>124</sup> When the DFT Sources for School Revenues Committee consulted him, Detroit’s State Senator Coleman Young urged “political action.”<sup>125</sup>

Even business leaders attempted to persuade the state to share more with its cities. Department store owner, and New Detroit, Inc. chair, Joseph L. Hudson, had convinced Republican Governor George Romney to put state aid to Detroit on his agenda for the legislature’s upcoming special session in 1968.<sup>126</sup> Detroit representatives in the legislature drafted bills for “inner-city schools:” the Senate proposed \$5.2 million and the House \$12.8. Neither chamber seemed likely to debate these bills, much less pass them. Detroit of course would have been the largest recipient of any categorical urban funds but even a full share would have barely covered the district’s deficit. Estimates showed that more than one-third of the next year’s school district budget of \$235 million would come from state aid. Although state aid had increased by seven

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<sup>123</sup> “Fiscal Reform Reaches Crisis in Michigan,” *Detroit Teacher* 26 (5), April 1967, 3.

<sup>124</sup> “DFT Sources for School Revenues Committee Interviews Legislators,” *Detroit Teacher* 27 (3), January 1968, 3.

<sup>125</sup> *Ibid.*

<sup>126</sup> “School-Aid Hopes Dim in Lansing,” *Detroit Teacher* 27 (2), December 1967, 6.

percent over the prior year, accountants predicted a \$19 million deficit.<sup>127</sup> The deficit would grow if local property taxes expiring in 1972 and 1973 were not renewed.<sup>128</sup>

Midwestern metropolitans from University of Chicago education researcher Arthur Wise to the Detroit school board members were all influenced by a district court's consideration of legal remedies ranging from compensatory funds to metropolitan integration in the 1967 Washington D. C. racial discrimination case *Hobson v. Hansen*.<sup>129</sup> Filing under the equal protection clause of the U.S. constitution's fourteenth amendment reflected Wise's new legal theory; it was also the quickest way to seek relief. The Supreme Court's *Baker v. Carr* ruling, supported by the Michigan AFL-CIO, allowed state lawsuits based on constitutional grounds to be filed in federal courts.<sup>130</sup> Moreover, filing in the circuit rather than district court offered school finance reformers a "shorter route of appeal" to the U. S. Supreme Court.<sup>131</sup>

Labor lawyer Abraham Zwerdling positioned the school finance lawsuit as an attempt to conserve the institution of public education rather than "a bold, radical step." The UAW and the

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<sup>127</sup> The state legislature allocated \$615 million for school aid including \$374 million from the State General Fund, representing a 19 percent increase over the previous year, and the remainder from sin and sales taxes. The Michigan Department of Education recommended \$816,070,000 as the effective amount, and \$679,186,000 as the minimum. Two new sections in the state aid bill directed some funds to urban schools and expanded the classifications for aid rate from two to four. "Unique School Aid Bill Approved By Michigan State Legislature," *Detroit Teacher* 27 (5), June 1968, 7.

<sup>128</sup> Local property taxes were split between 8.26 mills from the Wayne County Tax Allocation Board, 7.5 local mills expiring in 1973, an extra 5 mills expiring in 1972, for a total operating rate of 20.76 mills, plus the annual debt rate levy of 1.37 mills. "Detroit Schools Face Deepening Financial Crisis," *Detroit Teacher* 27 (5), June 1968, 3.

<sup>129</sup> See Davies and Bott for conflicting recollections from Detroit lawyers about Wise's role. As Wise finalized his 1968 book *Rich Schools, Poor Schools: The Promise of Equal Educational Opportunity*, professors and policymakers, although none from Michigan, debated the school finance reform strategy at a series of Midwest conferences hosted by The University of Chicago's new Center for Policy Study. According to a May 4, 2004 interview Wise gave to historian Gareth Davies, Detroit lawyer George Bushnell waved a copy of Wise's University of Chicago dissertation at a Detroit Board of Education skeptical of litigation. Interviewing another Detroit lawyer, Richard A. Jones, school finance scholar Marian Adams Bott reported that the Detroit case was not inspired by Wise. R. Stephen Browning and Anthony J. Morley, "School Finance Reform the Role of the Courts" *Civil Rights Digest* 5, no. 3 (October 1972): 12-19. See also Davies on the influence of *Hobson v. Hansen* on Rodriguez's lawyer Arthur Gochman.

<sup>130</sup> "Friends of Gus Scholle gather at Banquet to honor 'Old Grey Fox' of the Labor Movement," *Detroit Teacher*, 31 (2), October 27, 1971, 4.

<sup>131</sup> According to an unnamed "official close to the case." "Board of Ed. Sues State," *Detroit Teacher* 27 (4), March 1968, 16, 7.

Detroit City Council “expressed support for the Board’s action.” The DFT and its statewide affiliate the Michigan Federation of Teachers considered joining the fifteen co-plaintiffs to the suit. As DFT president Riordan contemplated the next round of contract negotiations, she argued the board and the union “SHOULD be on the same side, doing their bargaining across the table from the State legislature and the governor.”<sup>132</sup> Even a united organizational front would struggle to pass routine state school aid bills without a legal precedent.

As labor and poverty lawyers filed school finance lawsuits modeled on Detroit’s, foundations began to show interest. AFL-CIO general counsel Joseph L. Rauh, Jr. made the case that other school districts should try the Detroit Board of Education’s legal strategy.<sup>133</sup> School finance was a long-term project of Americans for Democratic Action, whose Detroit chapter Zwerdling led and whose national board Rauh led. Rauh also convinced a Ford Foundation education program officer to join a November 1968 conference of attorneys, researchers, and foundation officials from Illinois, Texas, California, and Michigan, funded by what was then known as the Potomac Institute and later as the Taconic Foundation.<sup>134</sup> Days after the election of Richard Nixon to the presidency portended an upheaval in federal education policy, school finance reformers suffered a judicial defeat. The Northern Illinois District Court dismissed the fourteenth amendment case *McInnis v. Shapiro*, filed on behalf of a Chicago student whose “educational need” the court judged was not a constitutional standard.

Ford Foundation grantees joined labor unions in filing amicus briefs to preserve school finance litigation as an equalization strategy when the U. S. Supreme Court agreed to hear the

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<sup>132</sup> Mary Ellen Riordan, “Negotiations Reach Critical Stage,” *Detroit Teacher* 28 (7), June 1969, 2.

<sup>133</sup> Bott, “Private Foundation Activism.” Coons, Clune, and Sugarman, *Private Wealth and Public Education* also acknowledge the Detroit cases as the “model” for the ill-fated “stampede to the courts in 1968”, 449.

<sup>134</sup> Donald F. Sandberg. Bott, “Private Foundation Activism.”



Chicago case.<sup>135</sup> The NEA's Committee on Educational Finance recommended filing briefs as "a friend of the Court" or perhaps even as "a party to the suit" as school districts and governors appealed early cases.<sup>136</sup> With the Ford-funded Lawyers' Committee for Civil Rights Under Law and the National Urban Coalition, the National Education Association submitted an amicus brief in the Virginia case *Burruss v. Wilkerson* arguing the court's dismissal of the Illinois case had had a "chilling effect," preventing cases in Michigan, Wisconsin, and Texas from "being filed or pressed."<sup>137</sup> Yet except for submitting an amicus brief when the Texas case *Rodriguez v. San Antonio Intermediate School District* was later refiled, the AFT was notably absent in earlier cases.<sup>138</sup> By the end of the 1960s, the AFT was focused on its internal leadership struggle over community control.

### *The Detroit Board of Education as Defendant*

Detroit teachers clamored to be included in political decisions about race, control, and money as the Michigan legislature debated decentralization and the governor planned for school finance reform during the summer of 1969. Symbolic of the explosive situation, the DFT's brand-new office burned nearly two years to the day after the Detroit uprising set city blocks on fire.<sup>139</sup> Right-to-work policies that undermined the union or agency shop were a bigger threat to the teachers union than the unexplained fire. The newly Republican state legislature resisted labor's agenda and debated collective bargaining restrictions.<sup>140</sup>

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<sup>135</sup> Allan Odden and Larry Picus. *School Finance: A Policy Perspective* (New York, McGraw-Hill, 1992).

<sup>136</sup> Committee on Educational Finance, Minutes, January 24-27, 1969, Box 1157, Folder 3, MS2266, NEA.

<sup>137</sup> *Burruss (Robert) v. Wilkerson (Woodrow)*, 397 U.S. 44 (1970): 12. *McInnis (Linda) v. Ogilvie (Richard)*, 394 U.S. 322 (1969).

<sup>138</sup> *San Antonio Independent School District v. Rodriguez*, 411 U.S.1 (1973): 2-3.

<sup>139</sup> "Federation Offices Burn," *Detroit Teacher* 29 (1), September 1969, 6.

<sup>140</sup> The redistricted state legislature flipped from Democratic to Republican in 1967 when the senate was 20-18 and the house 56-54. [https://en.wikipedia.org/wiki/Political\\_party\\_strength\\_in\\_Michigan](https://en.wikipedia.org/wiki/Political_party_strength_in_Michigan)

Conservative legislators and lower courts attempted to weaken public sector unions. In 1968, Representative Joseph P. Swallow, a prosecutor from northern Michigan, had introduced a bill to ban national organizations like the AFT that struck government, which would force the DFT to disaffiliate from the union federation.<sup>141</sup> Companion bills required compulsory arbitration, limited the scope of bargaining issues to wages and benefits, and permitted decertification of bargaining agents who struck. The DFT judged the state legislature aimed to turn “the clock back to the day when one of the requirements for being a teacher was also being a mouse.”<sup>142</sup> Moreover, the Swallow bill required mandatory injunctions during public workers’ strikes, forcing judges’ hands in a state where as recently as 1967, many had refused to bring their gavels down on teacher strikes. In conservative western Michigan, where an “instant injunction” had stopped a teachers’ strike, the NEA-affiliated Holland Education Association appealed the circuit court judge’s opinion.<sup>143</sup> Attorneys for the DFT and Michigan Federation of Teachers joined successful arguments before the state Supreme Court, which overruled the lower court five to two.

Michigan’s administrative state retained pro-labor margins longer than the redistricted legislature. In a case originating just northwest of Detroit in Oakland County, the Michigan Labor Mediation Board ruled “that an agency shop is the only legal type of Union security” under the 1965 Public Employment Relations Act, and that a “Public employer is required to bargain for an agency shop.” The Michigan board was the first state labor board in the country to rule in favor of the public sector agency shop.<sup>144</sup> As the public employer, a board of education thus had the authority to terminate non-union teachers who did not pay what were then known as service fees in lieu of union dues. With a two to two vote in the summer of 1969, the State Tenure Commission

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<sup>141</sup> “Anti-Teacher Legislation,” *Detroit Teacher* 27 (4), March 1968, 1.

<sup>142</sup> DFT vice president Ed Simpkins quoted in “Anti-Teacher Legislation,” *Detroit Teacher* 27 (4), March 1968, 1.

<sup>143</sup> Swallow himself would win election as a Michigan circuit court judge in 1972.

<sup>144</sup> “Bd. Rules Agency Shop Is Legal Union Security,” *Detroit Teacher* 27 (4), March 1968, 5.

sustained the Saginaw Board of Education's dismissal of a teacher who did not pay fees required by the Saginaw Education Association's 1967 contract's agency shop provision.<sup>145</sup> The Detroit Education Association left the Michigan Education Association rather than support the state NEA affiliate's negotiation of agency shop provisions in local union contracts.<sup>146</sup>

Detroit's NEA affiliate appealed to the courts to protect minority rights when it lost popular support. When the Detroit Education Association challenged the DFT's representation of Detroit teachers, it won 3,848 votes out of 9,587 in 1964 and 3,709 votes out of 10,119 in 1967: even as the bargaining unit grew, the Detroit Education Association's margin shrunk.<sup>147</sup> This was a significant minority that nonetheless repeatedly lost. By the end of the 1968-1969 school year, when the union held a referendum on the inclusion of the agency shop provision in the contract proposal, only 1,708 Detroit teachers voted no.<sup>148</sup> Nonetheless, a co-founder of the right-to-work group Detroit Teachers Opposed to Compulsory Unionism argued that the Detroit school board signed off on the agency fee provision because "a majority of the Board are union-sponsored, union-backed, and union-financed."<sup>149</sup> Surely anticipating judicial review, the 1969-1970 DFT contract stipulated that terminations, permitted by the end of March 1970, would not be effective until legal remedies were exhausted. When they could not influence the DFT from within, dissenting teachers already asked courts to mediate internal union elections.<sup>150</sup>

Community control supporters, by contrast, changed school decisions through representative structures and public pressure. During the winter of 1969, the Detroit school board

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<sup>145</sup> "Tenure Commission Upholds 'Agency Shop'," *Detroit Teacher* 28 (7), June 1969, 2.

<sup>146</sup> "DEA Quits MEA-NEA," *Detroit Teacher* 28 (7), June 1969, 10.

<sup>147</sup> The DFT's margin of victory grew from 5,739 to 3,848 in 1964 to 6,410 to 3,709 in April 1967. "DFT Continues as CB Agent," *Detroit Teacher* 26 (7), May 1967, 1.

<sup>148</sup> "Agency Shop Referendum Passes," *Detroit Teacher* 28 (7), June 1969, 10. 7,000 of 11,000 Detroit teachers were DFT members in 1969. Richard Oral History.

<sup>149</sup> Christine Warczak quoted in Shelton, "'Compulsory Unionism' and its Critics," 384.

<sup>150</sup> "Judge Dismisses Court Case Protesting Election," *Detroit Teacher*, February 1969, 15.

resolved to convene unions, teachers, and administrators to develop a “viable plan for the transference of meaningful power to the community.”<sup>151</sup> The superintendent of Detroit Public Schools and an education economics professor led a workshop on “Financing Decentralized Schools.”<sup>152</sup> Riordan acceded to the inevitability of community control but wanted to experiment with demonstration schools before breaking up a school district, which she argued could not be put back together.<sup>153</sup> By then an AFT vice president in addition to DFT president, Riordan attended the national union’s first regional conference on decentralization and community control, which adopted a statement urging teachers unions to support both notions and make “mutually satisfactory” plans with communities.<sup>154</sup> On April 8, 1969, the Detroit NAACP made a formal request for a decentralization plan of “community centered” schools governed by elected boards of parents.<sup>155</sup> While the Michigan legislature permitted Detroit to decentralize school governance during the summer of 1969, it did not provide funds for planning or operating regional school boards.<sup>156</sup> The Detroit Board of Education applied to the Ford Foundation for a grant, which it received, to form an Office of School Decentralization.<sup>157</sup> This office developed a 305-page report on policy options, identifying 89 issues for the school board to decide on.<sup>158</sup> The lengthy report, of course, gave board members little direction.

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<sup>151</sup> “Board of Ed. Resolves to Involve Community,” *Detroit Teacher* 28 (7), June 1969, 16.

<sup>152</sup> National Committee for Support of the Public Schools, Seventh Annual Conference, Preliminary Program, January 29, 1969, AFT Detroit, Box 4, Folder 53, Reuther Library.

<sup>153</sup> However, as in an experiment, the demonstration schools needed to be compared to control schools with the same conditions—thus, community control should not come with additional funding. Mary Ellen Riordan, “The President’s Column,” *Detroit Teacher* 28 (4), February 1969, 2.

<sup>154</sup> *Detroit Teacher* 28 (6), May 1969, 2.

<sup>155</sup> The NAACP endorsed community control over the summer at its 1969 national convention. William Grant, “Community Control vs. School Integration in Detroit”, *Public Interest*, Summer 1971, pg. 68

<sup>156</sup> A. L. Zwerdling to Mitchell Sviridoff, October 30, 1969, Box 1040, Folder 7, Part V: NAACP Legal Department, The NAACP Records, Library of Congress.

<sup>157</sup> “A Program To Implement Decentralization of the Public Schools of Detroit,” V: 1040, Folder 7, NAACP Legal Department. William Grant, “Different School Direction Is Task for New Official,” *Detroit Free Press*, January 13, 1970, 12C.

<sup>158</sup> Charles Moore and Ray Johnston, “School Decentralization, Community Control, and the Politics of Public Education,” *Urban Affairs Quarterly*, June 1971.

There was one area the community would not control: hiring and firing teachers. Decentralization challenged teachers' hard-won bargaining relationship with the Detroit school board. On the crucial question of whether regional school boards could fire teachers, the opinions the school board heard were mixed. An elementary school advisory committee advocated regional hiring but central recruitment and negotiations.<sup>159</sup> The Parent Teachers Association asked the school board to accept more public input.<sup>160</sup> The NAACP's Education Committee recommended regional boards hire administrators but follow the decisions of a teacher tenure commission.<sup>161</sup> A committee of Black labor leaders recommended that a Board of Arbitration—one central school board member, one union rep, and their mutually selected arbitrator—resolve disputes.<sup>162</sup> The DFT executive board resolved to support elected community representation in school operation subject to the union's city-wide contract and state law.<sup>163</sup> At the behest of the DFT, the Detroit school board decided to retain responsibility for labor negotiations.<sup>164</sup>

Divisions over race ran so deep that community control supporters made a dangerous alliance with right-to-work ideologues.<sup>165</sup> At the start of the 1969 school year, the newly-formed Detroit Teachers Opposed to Compulsory Unionism claimed support from the Detroit Education

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<sup>159</sup> Presentation of the Noble School Advisory Committee Before the DBE October 28, 1969, on Public Law 244, Decentralization 1968-1970 Folder, Box 29, Mary Ellen Riordan Papers, Reuther Library.

<sup>160</sup> Handwritten notes from a PTA meeting, Decentralization 1968-1970 Folder, Box 29, Mary Ellen Riordan Papers, Reuther Library.

<sup>161</sup> Notes Meeting of Committee of the Whole, September 30 1969, Decentralization 1968-1970 Folder, Box 29, Mary Ellen Riordan Papers, Reuther Library.

<sup>162</sup> Action Committee for Education, Presentation to the DBE on guidelines for decentralization of Detroit Schools as mandated by Public Act 244, October 28, 1969, Decentralization 1968-1970 Folder, Box 29, Mary Ellen Riordan Papers, Reuther Library.

<sup>163</sup> "Community-School Resolution Adopted by Executive Board," *Detroit Teacher* 28 (7), June 1969, 1, 10.

<sup>164</sup> Florence Jacque to Mary Ellen Riordan, May 5, 1971, Decentralization 1968-1970 Folder, Box 29, Mary Ellen Riordan Papers, Reuther Library.

<sup>165</sup> When Black teachers crossed Chicago Teachers Union (CTU) picket lines in 1969, 1971, and 1973, even Jesse Jackson pushed out his 1960s allies from the Teachers' Division of Operation Bread Basket. At the same time that activists Lillie Peoples and Mattie Hopkins made CTU's first Black secretary—who later became its first Black president—their spokesperson within the AFT local, they operated out of the Illinois Education Association's office space. Indeed, a co-leader of Simpson's 1960s school integration work founded a rival Chicago teachers union. Black teachers, it seemed, strategically played the two national teachers unions off each other. Todd-Breland, *A Political Education*.

Association and the New Caucus, the pro-community control caucus that had nominated Zeline Richard for AFT president.<sup>166</sup> An open shop meant New Caucus members would not pay dues to union leaders they opposed. Without mentioning Richard by name, Riordan later acknowledged that “(t)here had been a tremendous split inside the Detroit local, a political split.”<sup>167</sup> When controversy arose, Riordan had a habit of not did speaking to Richard.<sup>168</sup> Riordan kept Black and white New Caucus supporters off her DFT officer election slate in winter 1969, although Riordan later filled a vacancy. From her position on the executive board, Richard took up the cause of three Black female teachers and community control supporters fired without notice and ignored by their union representative.

Richard warned that the union would have to change to keep Black teachers’ support—she would still pay dues but how many others would? Richard did not sign the union leadership’s open letter expressing disappointment that “ANY Detroit teachers would ally themselves with the onerous Right to Work groups who have long helped to depress the wages of blacks and who are allied with arch-conservatives and ‘states righters.’”<sup>169</sup> Right-to-work policies in the public sector, however, were an opening to the political right for some Black workers.

Forced to take sides between the labor and business approaches to education, and between the union and antiunion approach to dues, Richard left the union she could not lead. Ed Simpkins, the New Caucus leader and the DFT’s first Black vice president, left first, beginning a graduate

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<sup>166</sup> “An Open Letter to All Detroit Teachers,” *Detroit Teacher* 29 (1), September 1969, 16.

<sup>167</sup> Riordan claimed the New Caucus, also called New Directions, led by Detroiters did not begin until the 1974 AFT convention in Toronto. Riordan and Selden belonged to the Progressive Caucus, centered around New York, Detroit, and Philadelphia locals, and incorporating the old Classroom Teachers Caucus representing Chicago, Gary, and Cleveland. Riordan Oral History, 89.

<sup>168</sup> Richard Oral History.

<sup>169</sup> After coming just 24 votes short of third vice president in her winter of 1969 run, Zeline Richard was elected to the DFT executive board to fill a vacancy months before the open letter. By the end of 1969, Richard had moved up to second vice president. “DFT Election Results,” *Detroit Teacher* 28 (4), February 1969, 12. “Exec. Board Members Replaced,” *Detroit Teacher* 28 (5), April 1969, 8. “Election of Officers, Local 231,” *Detroit Teacher* 29 (3), December 1969, 2.

program in education at Harvard University. “In a way” Zeline said “Ed was the labor movement because he would go out into the schools and fight the battles.”<sup>170</sup> When leftist Black trade unionists moved on, business moved in. After Richard took a leave of absence from teaching to work as a research assistant at Wayne State University’s College of Education, she joined New Detroit, Inc. as director of education.<sup>171</sup> Richard was active in the United Negro History Committee, the International Afro-American Museum, the NAACP, and the ACLU—“at the end of the day, (Richard was) right here with black folks”; she couldn’t “go out in suburbia somewhere.”<sup>172</sup> Leaving the labor movement was Richard’s way to stay in the city and avoid the kind of criticism Black policemen received since “black people don’t like policemen period!”<sup>173</sup>

Anti-agency shop teachers argued for freedom of association, a very different claim on the U. S. constitution’s fourteenth amendment than the Detroit school board’s argument about educational need.<sup>174</sup> The DFT’s executive board kept track of all agency shop cases, which made similar arguments in the same state courts.<sup>175</sup> Reflecting multiethnic opposition to the union, a Detroit teacher with a Polish rather than Lebanese last name first filed suit against fees. While a state trial court initially agreed with the DFT’s long-time attorney’s motion to dismiss Christine Warczak’s original lawsuit, the Michigan Supreme Court’s muddled ruling in a separate case from

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<sup>170</sup> Richard Oral History, 15. Simpkins returned to Detroit in 1972 as an associate professor of educational administration and later dean of Wayne State University’s College of Education. “Black Educator Appointed Dean At Wayne State U.,” *Jet*, August 29, 1974, 44.

<sup>171</sup> “DFT’s Zeline Richard Named to ‘New Detroit’,” *Detroit Teacher* 29 (6), April 1970, 6. “Union Presses Negotiations as Present Contract Expires,” *Detroit Teacher* 28 (7), June 1969, 1.

<sup>172</sup> Richard Oral History, 40.

<sup>173</sup> *Ibid.*

<sup>174</sup> **Abood v. Detroit Bd. of Educ., 431 U.S. 209 (1977)**

<sup>175</sup> Lawyers for the Abood plaintiffs attempted to switch courts from Judge Kaufman’s, where the Warczak suit was first thrown out.

a nearby white ethnic enclave sent the agency shop back to trial court.<sup>176</sup> An attorney for the Michigan Association of School Boards, who had been testifying against collective bargaining before the state legislature for years, represented three-hundred plaintiffs, with Louis Abood alphabetically first as the case proceeded through higher courts.<sup>177</sup>

The first major case the National Right to Work Foundation took was the Detroit agency fees case. Reporting on the lawsuit in its monthly newsletter, the National Right to Work Foundation quoted Warczak's Detroit Teachers Opposed to Compulsory Unionism co-founder, Ernest Smith, a Black teacher and former labor organizer. Smith asked his fellow teachers to "help restore freedom of choice." Over the years, Michigan teachers with labor and civil rights experience featured prominently in organizational right-work materials and publications like *Reader's Digest*. The choice of Detroit and Michigan was intentional. The National Right to Work Legal Defense and Education Foundation targeted Detroit's labor-liberal litigation strategy, in addition to claiming the civil rights mantle for individual rights, as Jon Shelton argues.<sup>178</sup> Warczak's lawyers filed suit in 1969, after the Michigan labor movement's involvement in "one person, one vote" led to a redistricted state legislature that passed a public employee collective bargaining bill in 1965, and after the Detroit school board's school finance reform case in 1968.

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<sup>176</sup> Warczak v. Board of [431 U.S. 209, 214] Education, 73 LRRM 2237 (Cir. Ct. Wayne County). Smigel v. Southgate Community School Dist., 388 Mich. 531, 202 N. W. 2d 305. "Teachers will feel effects of high court decisions," *Michigan Teacher* xxxii (2), January 1973, 1.

<sup>177</sup> On January 19, 1970, Wayne County Circuit Court Judge Charles Kaufman denied the DEA's petition to join the suit. DEA President Robert Johnson sent out press, radio, and TV releases. "Court Upholds Federation Agency Shop Service Fee," *Detroit Teacher* 29 (4), February 1970, 1 in AFT Publications, Box 168, Reuther Library.

<sup>178</sup> The National Right to Work Foundation copied the NAACP's Legal Defense Fund's tactics. Teachers' first strike in 1967 was short, but coming months after the Detroit uprising, controversial in the Black community. However, with a labor-friendly school board, the city was not polarized by the strike in the way other cities Shelton studies were. Jon Shelton, "'Compulsory Unionism' and Its Critics: The National Right to Work Committee, Teacher Unions, and the Defeat of Labor Law Reform in 1978." *Journal of Policy History* 29, no. 3 (2017): 378-402.



Seeking to make teachers represent the public sector union threat, the National Right to Work Foundation searched for more plaintiffs in Detroit schools.<sup>179</sup> By 1970, the foundation had spent more than \$100,000 on the Detroit litigation.<sup>180</sup> By 1973, six hundred of approximately twelve thousand Detroit teachers had signed on to the *Abood v. Detroit Board of Education* case that made its way to the Supreme Court. However, as DFT president Riordan pointed out, the two Detroit cases combined in *Abood* included administrators as well as teachers.<sup>181</sup> Refiled in the fall of 1969 in advance of payroll deductions under the new DFT contract's agency shop provision, *Abood* challenged nonmembers' obligation to pay service fees to the union as a condition of employment.<sup>182</sup> Fees and dues, the plaintiffs charged, funded the Detroit Federation of Teacher's political work in violation of teachers' freedom of speech rights. Riordan insisted donations for political campaigns were collected and kept separately.

The influential antiunion attorney who tried the case before the U.S. Supreme Court, Sylvester Petro, argued lobbying and politics were more important to public sector unions than strikes. The court's unanimous majority concluded public and private employees were "not basically different"—they had the same skills, needs, and bargaining goals.<sup>183</sup> However, in its 1977 opinion the U. S. Supreme Court divided dues into two categories: bargaining and politics. This ruling meant union nonmembers could withhold dues used for politics but not for bargaining, for which they had to pay agency or "fair share" fees. Thus, despite their contract language

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<sup>179</sup> Joseph A. McCartin and Jean-Christian Vinel, "'Compulsory Unionism': Sylvester Petro and the Career of an Anti-Union Idea, 1957-1987," in *The Right and Labor in America: Politics, Ideology, and Imagination*, ed. Nelson Lichtenstein and Elizabeth Tandy Shermer (Philadelphia: University of Pennsylvania Press, 2012). Sophia Z. Lee, *The Workplace Constitution from the New Deal to the New Right* (Cambridge University Press, 2014).

<sup>180</sup> Shelton, "'Compulsory Unionism' and Its Critics."

<sup>181</sup> DFT Executive Board Meeting — May 7, 1970, Agenda, Box 23, Folder 11 DFT Local 231 v. DB of Edu (3 of 5), DFT records.

<sup>182</sup> The provision was effective January 26, 1970 and required non-union teachers to pay a fee equal to union dues within 60 days. "New Contract Gains for 1969-71," *Detroit Teacher* 29 (1), September 1969, 3, 13. *Abood v. Detroit Board of Education*, 431 U.S. 209 (1977)

<sup>183</sup> Justice Potter Stewart quoted in Shelton, "'Compulsory Unionism' and Its Critics," 388.

requiring fees to equal dues, the DFT and other public employee unions would collect less from non-members. The courts never did not say whether school finance campaigns were for political or representational purposes. Years before, teacher unionists would have agreed with Petro's argument about the importance of politics, but would have disagreed with the highest court's opinion that they could represent members without politics.

### **Michigan's Ban on Public Money for Private Schools, and the End of the Detroit Labor Coalition**

Michigan's moderate Republican governor began replacing school property taxes during the summer of 1969 in response to lawsuits.<sup>184</sup> The Ford Foundation's network of education researchers, legal aid lawyers, and politicians across the political spectrum used legal leverage to directly negotiate with state administrations and legislatures while courts heard school finance cases. Governor William Milliken of Michigan led a Ford-funded commission that proposed a constitutional amendment to ban property taxes for school funding.<sup>185</sup> By contrast, a liberal organization like the League of Women Voters of Michigan suggested reforms to make the property tax a better tax so long as it was levied.<sup>186</sup> DFT president Mary Ellen Riordan worried Milliken's "announcement of the naming of still another committee to 'study' one of the already most studied of all state problems" amounted to ignoring the problem.<sup>187</sup> Why, Riordan wondered, would a new study be any more persuasive than the Thomas report commissioned by the Michigan

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<sup>184</sup> Bott, "Private Foundation Activism." 2

<sup>185</sup> Arthur E. Wise (1972) "School Finance Equalization Lawsuits: A Model Legislative Response," *Yale Review of Law and Social Action* Vol. 2: Iss. 2, Article 3.

<sup>186</sup> During the spring and summer legislative sessions of 1969, leaguers testified in support of certifying and training elected tax assessors. Mrs. Clarence Rhodes, Statement Made Before House Taxation Committee, May 7, 1969, Box 11, Folder Issues, Taxation, Papers, 1965-1970, League of Women Voters of Michigan Records, 1926-1999, Bentley Historical Library, University of Michigan (LWV of Michigan).

<sup>187</sup> Mary Ellen Riordan, "Federation Rejects Milliken Delay Tactic: 'Schools Can't Wait'," *Detroit Teacher* 28 (5), April 1969, 1.

legislature in 1966. One reason may have been Milliken's consideration of state funding for private schools, what opponents called "parochialism" and organized to stop.

Union teachers and liberal women campaigned against public money for private schools without the support of the UAW and its many Catholic members. The League of Women Voters of Michigan joined with teachers organizations affiliated with both the AFT and NEA in opposition to the governor's willingness to spend tax revenue, whatever the source, on independent or religious schools.<sup>188</sup> Among other reasons, League members did not think there were "sufficient funds now for one school system" and did "not want any diversion of funds from the public schools."<sup>189</sup> The Detroit school board observed that existing auxiliary services for private school students had reduced those same services for public school students. The Michigan Federation of Teachers president chaired a Committee for the Advancement of Public Education, which had opposed bills for state aid to private schools for years.<sup>190</sup> Led by the Michigan Federation of Teachers, members of the League in addition to unions filed a lawsuit against the state for permitting school boards to pay for private school services.<sup>191</sup>

While the issue was "a highly emotional one," the League of Women Voters of Michigan promised that "in good league fashion we will put the subject in its proper perspective and maintain an objective viewpoint."<sup>192</sup> From the left, while union members might call aid to parochial schools

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<sup>188</sup> The Michigan governor's 1969 commission on school finance recommended aid to private and parochial schools, and his 1970 budget proposed up to \$40 million go to salaries for teachers of secular subjects. Box 2, Folder Education—Millage, Tax And Educ. Reform, Tuition Tax Credits, LWV of Detroit.

<sup>189</sup> State Board to Presidents and DOM Chairmen re Member Contributions to Lawsuit (Aid to NONpublic again), February 23, 1973, Box 2, Folder Education—Millage; Tax and Educ. Reform; Tuition Tax Credits 1972-1978, LWV of Detroit.

<sup>190</sup> "Aid to Non-Public Schools," *Detroit Teacher* 27 (4), March 1968, 1.

<sup>191</sup> The board of directors of Michigan's Citizens to Advance Public Education included labor leaders like Ernest Mazey and Zeline Richard in addition to MEA and League of Women Voters members. Michigan CAPE Board of Directors Annual Meeting—June 11, 1969; Citizens to Advance Public Education Board of Directors of as of 8-21-69, Box 1, Citizens To Advance Public Education 1969-1970, LWV of Detroit.

<sup>192</sup> The League operated by a "progressive consensus" described in its handbook: "In making its report to state...the local board includes...the level of member participation, majority and minority views (and an evaluation of minority strength), areas where there is no agreement or about which discussion proved inconclusive." State Item Consensus

“parochiaid,” league members were sternly advised not to use the term.<sup>193</sup> From the right, property owners associations were not welcome to join the League in lobbying legislators.<sup>194</sup> The League followed an axiom: “Let the people know, Make the people care, Help the people act.”<sup>195</sup> While lobbying legislators, the League was less anodyne, instructing Taxation and Education Chairmen to practice with a devil’s advocate and use the “eager leaguer” in addition to “your solid regular members and your bright, young, pretty leaguers...this is why you budgeted the baby-sitting money.”<sup>196</sup> If legislators were not in their offices, the League encouraged visiting them at home.<sup>197</sup> By contrast, the Detroit teachers union threatened to withhold contributions and endorsements from state legislators who voted for “state support of parochial schools.”<sup>198</sup>

Leaguers and teachers passed a constitutional amendment banning public aid to nonpublic schools and students during the fall 1970 election. The Michigan Education Association and its 75,000 members collected petition signatures with the Council Against Parochiaid.<sup>199</sup> Passing with 56.78 percent of the vote, the ballot measure was the first successful initiative petition to amend the 1963 Michigan constitution. Despite the UAW and building trades’ opposition to the ban, the MFT president judged the “overwhelming support of time, work, and money of a vast number of persons” in addition to advertising during the last two weeks of the campaign swayed

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Question Report Form, September 1969; Gladys Corbin to Presidents and T-E Chairmen re Additional Material for the Study, October 6, 1969, 3, Box 11, Folder Issues, Taxation, Papers, 1965-1970, LWV of Michigan.

<sup>193</sup> State Board to T-E Chairmen and Presidents re Lobbying for T-E; Visit to Lansing to Oppose 1082, May 22, 1970, <

<sup>194</sup> Winnie (Reese) to Yvonne, March 21, 1971, Box 11, Issues, Taxation, Papers, 1972, LWV of Michigan.

<sup>195</sup> League of Women Voters of Michigan, Press Release, August 20, 1971, Box 11, Issues, Taxation, Papers, 1972, LWV of Michigan.

<sup>196</sup> State Board to T-E Chairmen and Presidents re Lobbying for T-E; Visit to Lansing to Oppose 1082, May 22, 1970, Box 29, Katherine Cushman Office Files, Time for Action 1967-1970, LWV of Michigan.

<sup>197</sup> State Board to T-E Chairmen and Presidents re Guidelines for Action Under Our New T-E Consensus, May 22, 1970, Box 29, Katherine Cushman Office Files, Time for Action 1967-1970, LWV of Michigan.

<sup>198</sup> DFT Membership Meeting—June 4, 1970 Minutes, Box 23, Folder 11 DFT Local 231 v. DB of Edu (3 of 5), DFT records.

<sup>199</sup> Roger Lane, “Drive Against Parochiaid is Running Into Trouble,” *Detroit Free Press*, May 24, 1970.

voters against “parochiaid.”<sup>200</sup> Enrollment in suburban Detroit Catholic schools fell by half between 1970 and 1971, and remained level during the desegregation crisis.<sup>201</sup> In the spring of 1971, the Michigan Supreme Court permitted public funding for shared time programs and auxiliary services like speech therapy or transportation.<sup>202</sup>

Detroit school board members reconsidered attendance policies that segregated students by race as they complied with decentralization legislation passed the summer before. Detroit schools in the fifth largest school district in the U. S. were 63.8 percent Black by 1970.<sup>203</sup> No white students had been bused to 22,961 vacant seats in ninety percent Black schools. Despite persistent student protest and activist programming, only one school board member advocated community control.<sup>204</sup> However, this member leveraged his vote for integration after a colleague fell ill and was hospitalized, remarking that the school board’s “decentralization with integration” plan was a progressive but minimal intervention with the only alternative “a massive two-way bussing program.”<sup>205</sup>

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<sup>200</sup> After decades of division over federal aid between the labor movement, whose many Catholic union members would only support a federal aid bill with money for religious schools, and the NEA’s Protestant administrators who required nominally ecumenical public funding, AFT locals split from the AFL-CIO to oppose state aid to private schools. Art Gavin “To the Editor and to all our Teachers” in “Our Readers Write,” *Detroit Teacher* 30 (4), November 16, 1970, 4. Henry Linne, “The President Says” Column, *Michigan Teacher*, May 1971, 2.

<sup>201</sup> In one year, enrollment in Macomb County school districts included Roth’s 1972 desegregation area fell by half, from approximately 12,000 to 6,000. Riddle, “Race and Reaction in Warren, Michigan, 1971 to 1974, 35.

<sup>202</sup> Proposal “C” Held Valid, *Michigan Teacher*, April 1971, 3, Box <>, AFT Publications, Reuther. The Council Against Parochiaid and the League continued to fund lawsuits if school boards paid for more than these exceptions. In 1973, the Council and the League raised money to join an Americans United lawsuit against the Traverse City Board of Education for renting a floor of a non-public school. Based on a January 13, 1970 League of Women Voters of Michigan consensus. State Board to Presidents and DOM Chairmen re Member Contributions to Lawsuit (Aid to NONpublic again), February 23, 1973, Box 2, Folder Education—Millage; Tax and Educ. Reform; Tuition Tax Credits 1972-1978, LWV of Detroit.

<sup>203</sup> Dimond, *Beyond Busing*.

<sup>204</sup> Community Control of Schools: New roles for parents, students, and teachers!! *Foresight*, Vol. 1, No. 3, February 1969 and Creative Black Solutions through Community Control, *Foresight*, Vol. 1, No. 4, August 1969, Mary Ellen Riordan Papers, Box 29, Decentralization 1968-1970 Folder, Reuther Library.

<sup>205</sup> Dimond attributes the 4-2 vote to Zwerdling’s maneuvers. Andrew W. Perdue, “Decentralization and Implementation of Public Law 244,” March 17, 1970, Mary Ellen Riordan Papers, Box 29, Decentralization 1968-1970 Folder, Reuther Library.

The Detroit school board's "decentralization with integration" plan set off a furious reaction when it leaked days before the board voted four to two to racially integrate a dozen Detroit high schools.<sup>206</sup> The school board redrew high school attendance boundaries east-west to eliminate ninety percent black and ninety percent white schools, reassigning 10,000 of 290,000 Detroit students. The Detroit superintendent thought the potential for further integration, rather than the plan itself, incited student boycotts and parent protests.<sup>207</sup> Indeed, board member Zwerdling had set his sights beyond city limits, which he considered "artificial barriers" protected by a "vast conspiracy of silence." Elected school board president in 1969, the labor lawyer urged the governor and legislature to "redistrict the greater metropolitan area."<sup>208</sup>

The DFT executive board resolved to "support and commend the courage of the Detroit Board of Education."<sup>209</sup> Although union leaders regretted that the school board rushed its decision without discussion, they understood that under state and federal law, "the Board had no choice but to move as it did." Teacher union leaders changed their minds faster than members. Asked to fund advertisements of "decentralization with integration" endorsements from national figures like U.S. Commissioner of Education James E. Allen, Jr. and sociologist James S. Coleman, the DFT membership reversed their executive board's decision to contribute.<sup>210</sup> By attributing a

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<sup>206</sup> Estimates later filed with the court differed from those in newspapers as to the extent of student population changes. In the *Detroit Free Press*' account, Mackenzie would fall from over ninety percent black to just under seventy by fall 1972. Southwestern and Kettering, nearly ninety percent black each, would fall to fifty-three and sixty-five respectively. Overwhelmingly white schools like Cody and Redford would become thirty percent white while Denby would become majority black. David Cooper, "City School Integration Bid Upheld," *Detroit Free Press*, Undated, pg. 1 in Box 1041, Folder 3, NAACP Legal Department. Mumford was also included in the plan.

<sup>207</sup> Joel Aberbach and Jack Walker, "Citizen Desires, Policy Outcomes, and Community Control," *Urban Affairs Quarterly*, September 1972.

<sup>208</sup> A. L. Zwerdling, Statement by A. L. Zwerdling, President, Board of Education, to Administrators and Supervisors of the Detroit Public Schools, September 5, 1969, Detroit Public Schools Community Relations Division Records, Box 7, Folder 6 1969, Reuther Library.

<sup>209</sup> "Resolution," *Detroit Teacher* 29 (6), April 1970, 1.

<sup>210</sup> DFT Executive Board Meeting — April 30, 1970, Minutes, Box 23, Folder 11 DFT Local 231 v. DB of Edu (3 of 5), DFT records.

controversial internal DFT poll to Riordan, the local press and thus historian Jeffrey Mirel misrepresented the DFT leadership's evolving reaction to decentralization and integration.<sup>211</sup>

The state house nullified the Detroit school board's vote to reassign students for racial integration.<sup>212</sup> Governor Milliken refused to sign the bill into law, and legislators debated replacements. The NAACP's executive director called on all Michigan NAACP branches to contact state representatives in support of the Detroit school board's integration plan.<sup>213</sup> At the UAW's annual convention in 1970, the union's four Detroit-area regional directors, in addition to four Detroit-resident officials, praised the Detroit school board for "its devotion to the highest ideals of American democracy."<sup>214</sup> UAW leaders' endorsement, the Detroit public schools superintendent thought, would "help smooth the way through the complex transition before us."<sup>215</sup> Detroit's state senator and future mayor Coleman Young proposed successful compromise legislation that repealed the "decentralization with integration" plan and essentially ceded

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<sup>211</sup> When the DFT polled its members, two-thirds of the forty percent responding favored a public vote on decentralization. Zeline Richard, recently re-elected to the DFT vice presidency after coming just two dozen votes short the year before, told the local paper that the union's executive board had not been informed about the poll, and that she had heard less than a third of members had been solicited for their opinion. Richard believed the new position, a reversal of the DFT's support for the board's decentralization plan, was union president Riordan's. As professional polling showed the general voter's opposition to decentralization was correlated with conservative politics, Riordan may have attempted to strategically shift the decision to a Detroit electorate more conservative than the union or the board. The *Detroit Free Press's* education reporter called the reversal a "bombshell." Detroit's state senator Coleman Young, sponsor of the 1969 decentralization legislation, called it a "stab in the back." "Teachers Favor Asking Voters—Decentralization Poll Reveals," *Detroit Teacher* 29 (5), March 1970, 1. Detroit Federation of Teachers Advisory Poll on Decentralization for Union Members Only, February 10, 1970, Decentralization 1968-1970 Folder, Box 29, Riordan papers. "Election of Officers, Local 231," *Detroit Teacher* 29 (3), December 1969, 2. Grant misspells Zeline's last name as "Richards." Young quoted in William Grant, "Union Seeks Delay, Referendum: Teachers Resist Decentralization," *Detroit Free Press*, March 3, 1970, 3-A. Moore and Johnston, "School Decentralization."

<sup>212</sup> William Grant, "Integration's Last Hurrah: 'Where Did Everyone Go To?,'" *The New Republic*, September 5, 1970, 20. Joyce A. Baugh, *The Detroit School Busing Case: Milliken V. Bradley and the Controversy over Desegregation* (Lawrence, KS: University Press of Kansas, 2011).

<sup>213</sup> Roy Wilkins telegram to Dr. Norman Drachler, June 4, 1970, 7-29 Michigan House Reps. Telegrams re: Integration, Jun 1970 Folder, 7-6 Detroit Bd. Of Educ., 1969 Folder, Detroit Public Schools Community Relations Division Records, WRL

<sup>214</sup> Quoted in William Grant, "Officials Praise City School Integration," *Detroit Free Press*, April 27, 1970, 4A.

<sup>215</sup> Norman Drachler to Ken Morris, May 6, 1970, UAW Region 1B Collection, Box 237, Folder 18 Detroit Board of Education, 1970, Reuther Library.

governance of Black schools to Black communities. Detroit's overlapping labor, civil rights, and Black communities had disagreed before and would disagree again in the face of white resistance to school integration.

Detroit voters recalled the four Detroit school board members who passed “decentralization with integration.”<sup>216</sup> Recall organizers believed their protests of forced student transfers had gone unheard, and that education quality would improve under a new Detroit school board.<sup>217</sup> Parents fought for their children, argued the westside Detroit police officer who led the charge, while the pro-integration school board fought for an idea.<sup>218</sup> Political scientists at the time judged recall supporters won out of “(i)ntensity, organization, and commitment.”<sup>219</sup> Days after the special August recall election, Zwerdling said the opposition resulted from the school board “sending white students into Black schools” for the first time.<sup>220</sup>

Another ousted board member found the “people who helped get us elected—the UAW, the NAACP and the others” missing from the recall.<sup>221</sup> While Black turnout was low, nearly half of Black voters did not fill out the recall ballot line. Although the city's new punch card voting machines created confusion, apathy contributed too.<sup>222</sup> Even the UAW left the recall question off its endorsement slate. After the untimely death of UAW president Walter Reuther and his wife May in a spring 1970 plane crash, autoworkers' energies were focused on their October strike at

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<sup>216</sup> Sixty percent of Detroiters voting, who in turn represented one-third of the electorate, approved the recall, which was organized by the Citizens Committee for Better Education. Citizens Committee for Better Education, For Better Education Vote Yes on Recall 4 Times Mailer, Undated, Mary Ellen Riordan Papers, Box 29, Decentralization 1968-1970 Folder, Reuther Library. Joel Aberbach and Jack Walker, “Citizen Desires, Policy Outcomes, and Community Control.”

<sup>217</sup> Citizens Committee for Better Education, For Better Education Vote Yes on Recall 4 Times Mailer, Undated, Decentralization 1968-1970 Folder, Box 29, Mary Ellen Riordan Papers, Reuther Library

<sup>218</sup> William Grant, “Integration's Last Hurrah: ‘Where Did Everyone Go To?,” *The New Republic*, September 5, 1970, 20.

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<sup>220</sup> Quoted in William Grant, “Recall Dumps Liberals From School Board,” *Detroit Free Press*, August 6, 1970, 1A, 4A.

<sup>221</sup> Aberbach and Walker, “Citizen Desires, Policy Outcomes, and Community Control.”

<sup>222</sup> Moore and Johnston, “School Decentralization.”



Detroit-area manufacturers.<sup>223</sup> AFT President Selden had telegraphed family and friends of Walter that there was “not another like him” and the teacher union leaders he helped when they “could not get help from anyone else” had looked to him for “a sort of spiritual guidance.”<sup>224</sup>

The NAACP pursued legal action rather than electoral politics, suing the state of Michigan two weeks after Detroit voters recalled four pro-integration school board members. The NAACP took a prominent northern school desegregation case because the state legislature overturned the Detroit school board’s “decentralization with integration” plan, an act of intentional segregation akin to southern nullification of federal court orders.<sup>225</sup> The Detroit branch, the NAACP’s largest financial contributor, pressed the NAACP to pass a convention resolution and to file a lawsuit. When the labor lost control

The NAACP held a meeting for potential student plaintiffs and their parents: Ronald and Richard Bradley, two of six plaintiffs, were listed first in the *Bradley v. Milliken* litigation. The Bradley children attended DeWitt Clinton, a resegregated and overcrowded elementary school that held class in temporary trailers.<sup>226</sup> Clinton was located in a middle-class neighborhood in northwest Detroit one mile south of two prominent Catholic colleges, and four miles north of Sherrill, the site of a 1962 school desegregation lawsuit by Black UAW members. In eight years, residential integration had expanded outside the inner city.

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<sup>223</sup> UAW Community Action Program, 17<sup>th</sup> District CAP Newsletter, October 15, 1970, Mary Ellen Riordan Papers, Box 29, Decentralization 1968-1970 Folder, Reuther Library.

<sup>224</sup> Days before his death, Reuther had written to Selden, then jailed for the Newark strike. David Selden telegram to Family and Friends of Walter P. Reuther, May 11, 1970, *Detroit Teacher* 29 (7), June 1970, 2.

<sup>225</sup> The NAACP’s caseload was not supervised from 1968 to 1969 during the search for a new general counsel. After a split with the Legal Defense Fund in the early 1960s over whether to file southern or northern cases, the NAACP’s new general counsel, the Youngstown, Ohio native Nate Jones quickly built on the Michigan work of his predecessor, school desegregation cases in Benton Harbor and Pontiac. Paul R. Dimond, *Beyond Busing: Reflections on Urban Segregation, the Courts, and Equal Opportunity* (Ann Arbor, MI: University of Michigan Press, 2005).

<sup>226</sup> The legal remedy did not come in time for Ronald Bradley, who dropped out of school in the tenth grade. Sugrue, Ch. 13 “It’s Not the Bus, It’s Us,” *Sweet Land of Liberty*.

The Detroit superintendent, a former teacher and DFT member, arranged a secret meeting between NAACP lawyers and Detroit school leaders to negotiate conditions for the Detroit school board to support the desegregation lawsuit.<sup>227</sup> In its last days, the “decentralization with integration” Detroit school board offered to increase integration if the NAACP secured a judicial declaration against the state legislature’s attendance policy. However, when the NAACP co-counsel Louis Lucas threatened to sue anyways, the Detroit school board’s white attorney George Bushnell responded “I’ll whip your ass.” When Lucas sued the Detroit school superintendent without consulting Bushnell—a member of the NAACP board of directors—the attorney resigned his position in the civil rights organization.

*Bradley v. Milliken* should be understood as the NAACP’s political maneuver to insert the civil rights organization into Detroit’s desegregation planning more than a robust legal strategy.<sup>228</sup> Defendants included integration supporters. Hurt feelings aside, Lucas believed Bushnell and the Detroit school board would join plaintiffs “in an attack on the areawide process of segregation” once the NAACP proved the city schools were segregated in court.<sup>229</sup> Another named defendant in the *Bradley v. Milliken* litigation was state superintendent Dr. John Porter, who became the nation’s first Black state superintendent of schools when he was appointed in 1969, and would later lead the Detroit Public Schools as superintendent.<sup>230</sup> Detroit labor leaders had also bargained with the NAACP: labor support for the lawsuit in exchange for leaving the “racially identifiable assignment of teachers” out of the case.<sup>231</sup> When the NAACP refused, the DFT petitioned to join

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<sup>227</sup> Norman Drachler. Dimond, *Beyond Busing*, 29.

<sup>228</sup> <Derrick Bell, “Serving Two Masters.”>.

<sup>229</sup> Dimond, *Beyond Busing*, 40.

<sup>230</sup> Michigan State University College of Education News, “Remembering alumnus John Porter, historic education leader in Michigan,” July 26, 2012, <https://education.msu.edu/news/2012/remembering-alumnus-john-porter-historic-education-leader-in-michigan/>

<sup>231</sup> Dimond, *Beyond Busing*, 30.

the *Bradley* suit as a defendant alongside the administrative state it had been alternately campaigning with and against for the last decade for a say over teacher transfers and seniority.<sup>232</sup>

Federal courts more than the labor movement or white and Black community control shaped Detroit school board decisions throughout the 1970s.<sup>233</sup> Governor Milliken appointed interim board members between the August recall of the pro-integration school board and the November election of new regional and central school board members. The results of decentralization were mixed. Fifteen UAW-endorsed candidates won half of the decentralized regional board seats, compared to the twelve candidates endorsed by recall organizers.<sup>234</sup> However, recall organizers endorsed the candidate who tallied the most votes in five of the eight regions, and thus won five of thirteen central board seats allocated by region.<sup>235</sup> Two of the DFT-endorsed central board candidates lost, and the third, who had replaced an ill board member, was already on the board.<sup>236</sup> Before the newly-elected regional and central Detroit school board

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<sup>232</sup> The NAACP, as the *Detroit Teacher* carefully explained to members who might have felt singled out by the lawsuit, followed its southern case strategy in asking for the immediate transfer of teachers and administrators to replicate a district's student racial ratio in each school. "Court Continues Segregation Suit," *Detroit Teacher* 30 (3), October 28, 1970, 1. "DFT Asks to Intervene," *Detroit Teacher* 30 (3), October 28, 1970, 1.

<sup>233</sup> As the *Detroit Free Press*'s education writer speculated, the larger number of central board seats could dilute the at-large labor coalition with representatives from regions of white conservatives and Black radicals. In New York, the procedures of the decentralization elections encouraged coalitional, or slate-based endorsements. In practice, this meant parochial school supporters elected candidates to majorities on half of the New York boards. An analysis of the Detroit decentralization elections showed political activity was highest in white regions, where coalitions electioneered, while candidates from Black regions ran independently. Louise Anderson, *An Analysis of the Detroit Regional School Board Election, 1970*, Senior WSU Thesis, June, 1971, Box 3, Mary Ellen Riordan Papers, Reuther Library. George LaNoue and Bruce Smith, "The Political Evolution of School Decentralization," *American Behavioral Scientist*, 1971. "Court Accelerates Integration: DFT Enters Case to Protect Teachers on Integration Plan," *Detroit Teacher* 30 (4), November 16, 1970, 1. William Grant, "Bill to Alter City's Schools Gets Educators Off Hook," *Detroit Free Press*, July 16, 1969, 42

<sup>234</sup> LaNoue and Smith, "The Political Evolution of School Decentralization."

<sup>235</sup> LaNoue and Smith, "The Political Evolution of School Decentralization"

<sup>236</sup> Adding more complication, a circuit court ruling had kept some names off the November ballot. The DFT endorsed Cornelius L. Golightly, Abraham Ulmer, Jr., and Harley M. Selling for central board, and singled out former Detroit Board of Education member Darneau Stewart's Region 5 race as important. Only Golightly, who had been filling in for Remus Robinson, and Stewart in Region 5 (Mumford, Central), were elected. "DFT Recommends: For Central and Regional Boards," *Detroit Teacher* 30 (3), October 28, 1970, 2.

members could be seated, an appeals court upheld the NAACP's *Bradley v. Milliken* desegregation lawsuit, and district court judge Stephen J. Roth demanded integration.<sup>237</sup>

One court-ordered strategy that failed was magnet schools with specialized curriculum but no additional funding that, like a magnet, would draw students to attend schools outside their racially segregated neighborhood.<sup>238</sup> Confronted by six-hundred white protestors at its November 6, 1970 meeting, the interim Detroit school board voted to close its session to the public: the board agreed to submit two magnet school plans alongside the “decentralization with integration” plan to the court.<sup>239</sup> The NAACP objected that Detroit’s three past attempts to voluntarily attract diverse students through magnet schools had not desegregated the district.<sup>240</sup> Judge Roth endorsed a free-standing, full-day magnet school plan advocated by then-school board chair Patrick McDonald, and ordered it implemented by the fall of 1971.<sup>241</sup> McDonald pitched magnet schools because the “community does not fear such a plan as they would forced bussing plans.”<sup>242</sup> The magnet plan was designed to move students by “educational choice,” which would achieve integration by “natural,” as opposed to “artificial,” means.<sup>243</sup> After a year in operation, the magnet

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<sup>237</sup> The Sixth District in Cincinnati, OH. Roth stipulated integration equal to or exceeding the recalled Detroit school board’s “decentralization with integration” plan.

<sup>238</sup> The magnet school plan paired regions for racial balance, with each pair offering the full range of vocational, business, science and humanities, and arts programs. Proposal to Achieve Quality Education and Increase Integrated Experiences, November 19, 1970, Roth panel minority report, 1972 Folder, Box 1, Mary Ellen Riordan Papers, Reuther Library

<sup>239</sup> Answer to Plaintiff-Appellants’ Motion for Summary Reversal or in the Alternative for the Injunction Pending Appeal, Exhibit A, November 16, 1970, PDF 100488\_012\_0097 pg. 165, Box 1042, Folder 4 NAACP Legal Department

<sup>240</sup> Dimond, *Beyond Busing*.

<sup>241</sup> The district court considered two versions of the magnet school plan—either free standing or a half-day supplement. The magnet school plan was complex, involving high school programs, middle school programs, overall coordination (through the Magnet School Plan Office), facilities, transportation, attendance area, community involvement & information, staff involvement & information, boards of education, legal counsel & logistics. Jan 1971 to Jan 1972 Magnet School Plan Proposal, Decentralization 1970-1976 Folder, Box 3, Mary Ellen Riordan Papers, Reuther Library

<sup>242</sup> Patrick McDonald, Magnet Education Plan for Detroit Public Schools, AFT: Detroit (Local 231) Papers, Accession 87, Box 20, Magnet School Plan, 1971 (2 of 2) Folder, WRL

<sup>243</sup> The Magnet Curriculum Plan, November 16, 1970, Roth panel minority report, 1972 Folder, Box 1, Mary Ellen Riordan Papers, Reuther Library

school plan had not integrated the district: the NAACP believed it had “too many of the defects inherent in ‘open enrollment’ and ‘free choice’ techniques.”<sup>244</sup>

Labor and liberal leaders pursued school funding alongside desegregation.<sup>245</sup> Political party control of the state legislature changed in fall 1970. The House Democratic majority of 58 out of 110 representatives was prepared to put a referendum on the constitutional prohibition against a graduated rate income tax on the ballot. However, the Senate was split evenly with nineteen members of each party.<sup>246</sup> With a Republican governor, the MFT president thought “the Republicans have a slight edge” but that “tactful, effective political action of a well organized group of citizens” could influence “the balance of power in this delicately balanced triangle.”<sup>247</sup> In the spring of 1971, a Crisis Conference Coordinating Committee of the state teachers organizations in addition to administrators, schools board, and the UAW appointed a Tax Task Force.<sup>248</sup> Like the League of Women Voters of Michigan, the Michigan Federation of Teachers also believed school taxes “should place the tax burden on those with the ability to pay” but recognized that the “present need for increased state revenues can not be put off until the time the constitution can be changed.”<sup>249</sup> However, the Tax Task Force did not make much progress in the legislature either. When the AFL-CIO and the UAW called a meeting with state legislators about a “solution to the crisis in our state schools,” only thirteen attended.<sup>250</sup> Whereas the League used to work with a sympathetic senator to write tax legislation, now the upper chamber blocked

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<sup>244</sup> Findings of Fact and Conclusions of Law, July 29, 1971, 31, Box 1042, Folder 1, NAACP Legal Department

<sup>245</sup> Mrs. Marvin Tomber, Copy of Letter Sent by the LWV to All State Senators, August 20, 1971, Box 11, Issues, Taxation, Papers, 1972, LWV of Michigan.

<sup>246</sup> While the House passed the measure, which also included property tax relief, with more than the two-thirds margin required for a constitutional amendment, the Senate never did. Winnie Reese to State Board re House Joint Resolution GG, August 5, 1971, Box 11, Issues, Taxation, Papers, 1972, LWV of Michigan.

<sup>247</sup> Henry Linne, “The President Says” Column, *Michigan Teacher*, May 1971, 2.

<sup>248</sup> “Tax Task Force,” *Michigan Teacher*, May 1971, 3-4.

<sup>249</sup> Henry Linne, “The President Says” Column, *Michigan Teacher*, June 1971, 2.

<sup>250</sup> “AFL-CIO, UAW Take Strong Stand in School Crisis,” *Detroit Teacher* 30 (11), March 29, 1971, 4.

them.<sup>251</sup> The MFT predicted tax reform would not happen until 1973, when a new legislature was seated—representatives in the state house would not pass a tax bill during their re-election year of 1972.<sup>252</sup>

A summer 1971 opinion in the *Bradley v. Milliken* desegregation case disrupted school finance and tax reform plans.<sup>253</sup> After trial testimony by former Detroit school board members and current administrators, and a variety of social scientists in addition to public and private housing officials including a Black “realist,” even the defendants admitted that the NAACP had convinced the skeptical judge.<sup>254</sup> At the end of July 1971, Judge Roth found the Detroit school board segregated students through school construction and attendance policies.<sup>255</sup> Most blatantly, the Detroit school board built Higginbotham School for children living in a Black neighborhood separated from a white neighborhood by a six-foot wall erected to secure discriminatory financing.<sup>256</sup> While many of these incidents occurred before Zwerdling’s labor school board took office in 1965, Roth judged that transportation maintained segregation despite the school board’s 1967 policy.

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<sup>251</sup> Mrs. James W. Atkinson to Mrs. Russell Pringing, September 4, 1973, Box 11, Issues, Taxation, Papers, 1972, LWV of Michigan.

<sup>252</sup> Henry Linne, “The President Says” Column, *Michigan Teacher*, June 1971, 2.

<sup>253</sup> During the Detroit school desegregation trial, a Sixth Circuit panel affirmed Damon Keith’s Pontiac desegregation order on May 28, 1971.

<sup>254</sup> On June 8 and 9, Judge Roth issued an injunction to stop the Detroit school board’s school construction pending a ruling.

<sup>255</sup> First with at least eight optional zones covering twenty-one schools, then with open enrollment policies, the Detroit school board allowed white students in changing neighborhoods to escape Black schools; attendance boundary lines and administrative reassignment decisions contained black students when geographic criteria supported desegregation; Black students in overcrowded schools were bused past white schools with available space, or to white schools into segregated units; schools were constructed to serve segregated public housing and other residential areas; the school board rejected Princeton Plan black-white school pairings; before the mid-1960s, teachers were assigned on a racial basis. When it came to construction, junior high schools built in the early 1960s overwhelmingly preserved stark racial divisions. Findings of Fact and Conclusions of Law, July 29, 1971, 26, Box 1042, Folder 1, NAACP Legal Department; Fine, *Violence in the Model City*, 44,45, 48.

<sup>256</sup> This is the northwest Detroit neighborhood Sugrue describes in *The Origins of the Urban Crisis*. The Detroit school board admitted to the Higginbotham containment.

The Detroit defendants asked the state for relief, a request repeated for three years of litigation until the U. S. Supreme Court ruled the suburbs out of bounds for desegregation in the 1974 opinion *Milliken v. Bradley*. Detroit school board attorney Bushnell argued the state discriminated against its largest city by denying full bonding authority to the school district, giving subsidies to suburban but not urban busing and school construction, and manipulating state aid formulas. Roth, like contemporary urban historians, argued that racially segregated schools and neighborhoods were mutually constituted.<sup>257</sup> The state of Michigan was responsible for segregation in Detroit schools, Roth ruled. By contrast, the Detroit school board and the DFT had taken an “exemplary” course in beginning to desegregate school teachers through a “balanced staff concept.”<sup>258</sup> The NAACP counsel attributed this last finding to the “legal craftsmanship” of DFT attorney Ted Sachs, who had filed an influential “one person, one vote” lawsuit a decade before.

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<sup>257</sup> Roth’s September 27, 1971 “Ruling on Issue of Segregation”: “And we note that just as there is an interaction between residential patterns and the racial composition of the schools, so there is a corresponding effect on the residential pattern by the racial composition of the schools.” Quoted in Dimond, *Beyond Busing*, <>. See Erickson and Highsmith, “Segregation as Splitting, Segregation as Joining.”

<sup>258</sup> Dimond, *Beyond Busing*, 71.

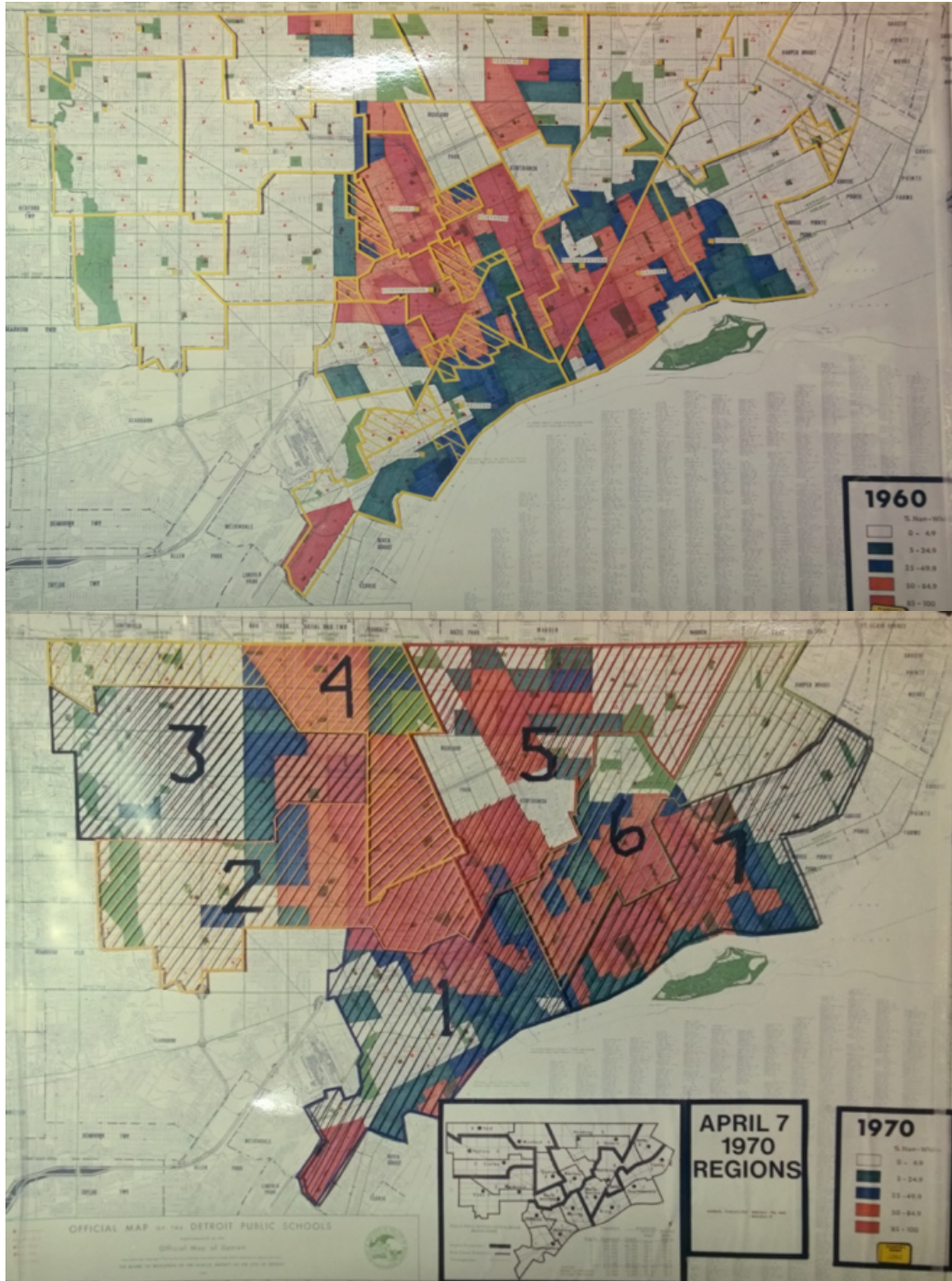


Figure 1: Two exhibits from the spring 1971 *Milliken* trial show the residence of Detroit’s Black population overlaid with existing and proposed school boundaries. Red shading shows the confinement of Black residents to an expanding urban core.

Judge Roth ruled responsibility for segregation was shared and remedies could cross state subdivisions like municipalities or school districts, which were “simply matters of political



convenience.”<sup>259</sup> Plaintiffs prominently displayed Architect William Lamson’s maps throughout the 41 day trial, held from April 6 to July 22, 1971.<sup>260</sup> After, a defense attorney asked “Who could look at the map for four months and not realize that Detroit was segregated?”<sup>261</sup> To working-class Detroit resident and attorney Alex Ritchie, the above maps meant “that the middle class in Detroit has moved to Warren, to Southfield, to Birmingham, to Bloomfield Hills, and the people who are left are the people who work at Chrysler, Ford, and General Motors.”<sup>262</sup> Between 1960 and 1970, Detroit lost one-quarter of its population and 22.5 percent of its labor force. Ritchie filed a motion on July 16, 1971 to add 86 school districts in three southeastern Michigan counties as defendants. Roth did not admit suburban defendants until he evaluated desegregation areas during the spring of 1972.

All parties to *Bradley v. Milliken* doubted Detroit schools could be desegregated within city borders. White working-class Detroiters intervened in the case to first fight desegregation, then to share the burden; their attorney Alex Ritchie began suggesting cross- or inter- district busing for integration was necessary during the spring 1971 trial. Historian Michael Savage argues this was “tactical metropolitanism” but at the time commenters believed Ritchie when he said that he, like Judge Roth, was persuaded by trial testimony and evidence.<sup>263</sup> Roth began hinting at the possibility of including the suburbs during the summer of 1971. The NAACP waited to bring up metropolitan busing as late as possible, perhaps in its Richmond, VA rather than Detroit case.

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<sup>259</sup> Roth’s  $\diamond$  ruling quoted in Sugrue, *Sweet Land of Liberty*, 482-483.

<sup>260</sup> Box V:OV 10, Part V: Oversize, 1925-1993, National Association for the Advancement of Colored People records, 1842-1999. Dimond, *Beyond Busing*. Baugh, *The Detroit School Busing Case*, 94.

<sup>261</sup> Unnamed quoted in Dimond, *Beyond Busing*, 41.

<sup>262</sup> Ritchie interview quoted in Riddle, “Race and Reaction in Warren, Michigan, 1971 to 1974.”

<sup>263</sup> Metropolitan busing would preserve majority white schools while Detroit-only busing would mean majority Black schools. Michael Savage, “Beyond Boundaries: Envisioning Metropolitan School Desegregation in Boston, Detroit, and Philadelphia, 1963-1974,” *Journal of Urban History* 21, no. 1 (2018). Savage acknowledges Ritchie’s conversion narrative but argues that the white-working class Detroiters who hired Ritchie did not change their minds. See Dimond and Riddle on Ritchie. Riddle observes that suburban residents in Warren, MI viewed Ritchie as an enemy.

Plaintiffs' counsel knew the risks of seeking a metropolitan remedy without including suburban districts in the trial but thought case law would support seeking relief from the state school board.

Warren, a large suburb of tract housing and industrial plants adjacent to Detroit's northern "Eight Mile" border, was an important site of antibusing protest. Of 20,000 minorities employed in Warren's defense and auto plants, only five to seven Black families lived where they worked. Only one Black teacher taught in a school district staffed by 1,300 instructors.<sup>264</sup> In 1970, Warren voters approved a referendum to withdraw the city's application for a federal housing grant that required the end of racial steering, intimidation, and violence.<sup>265</sup> The mayor of Warren, a former Detroit teacher and active union member, led the anti-open housing referendum in Michigan's third largest city.<sup>266</sup> Within a week of Roth's finding of de jure segregation in the fall of 1971, Warren petitioners gathered tens of thousands of signatures against busing.<sup>267</sup> A Warren realtor started Save Our Children, which coordinated the absence of thirty percent of students in the suburb's schools. The realtor warned *The Detroit News* and its readers: "I know there will be violence."<sup>268</sup> "Judge Roth is a child-molester" bumper stickers amplified the rhetoric of child endangerment.<sup>269</sup> At the end of 1971, a John Birch Society member told Warren residents meeting in a high school auditorium that integration was a communist plot; "Hang 'Em" the crowd responded.<sup>270</sup> This is the color line that students bused between school districts would cross.

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<sup>264</sup> Dimond, *Beyond Busing*.

<sup>265</sup> R. David Riddle, "HUD and the Open Housing Controversy of 1970 in Warren, Michigan," *Michigan Historical Review* 24, no. 2 (Fall 1998).

<sup>266</sup> Ted Bates. *Ibid.*

<sup>267</sup> State and local defendants appealed Roth's September 27, 1971 decision to the Sixth Circuit before a remedy was announced. Roth encouraged metropolitan plans during a public hearing on October 4, ordering one from the state within 120 days. Southgate also launched a petition drive. <>. David Riddle, "Race and Reaction in Warren, Michigan, 1971 to 1974: 'Bradley V. Milliken' and the Cross-District Busing Controversy," *Michigan Historical Review* 26, no. 2 (2000): 1-49. Dimond, *Beyond Busing*.

<sup>268</sup> 20,000 students stayed out. Phillip Lee quoted in Donald O'Connor, "Anger is Found in Suburbs," *The Detroit News*, October 5, 1971, A1, Box 1042, Folder 3, NAACP Legal Department

<sup>269</sup> Riddle, "Race and Reaction in Warren, Michigan, 1971 to 1974." Gillian Frank, "The Colour of the Unborn."

<sup>270</sup> Donald Lobsinger, founder of Breakthrough, lived on Detroit's eastside. David Riddle, "Race and Reaction in Warren, Michigan, 1971 to 1974," 22.

Suburban workers split from UAW leaders over busing for school integration. Members angry that their union supported busing their kids “back to all the dangers in Detroit” shared a common story with future UAW president Doug Fraser: “I lived in Detroit. I came out to the suburbs for good schools. I paid my taxes...”<sup>271</sup> Fraser argued that UAW leaders “didn’t have the same influence” in the community that they “did in the workplace.”<sup>272</sup> Irv Bluestone, by then the UAW’s lead negotiator for workers at General Motors, pulled out all the stops to persuade a suburban UAW local to rescind its donation to an antibusing group. Local union officers, Bluestone thought, were unwilling to risk their re-election by advocating busing to rank-and-file union members. Even if union reps had been more courageous, they may not have had control of the shop floor. The UAW had trouble enforcing union contracts much less societal change as wildcat strikes spread across the midwest.<sup>273</sup>

## Conclusion

By the 1970s, the Detroit labor coalition had broken into too many pieces. The constituencies which could have advocated for a progressive income tax to pay for desegregation—much less integration—were small and fractured along lines other than race; teachers and Black Detroiters split over right-to-work and remedies for segregation. Without the active support of the UAW, teachers failed to hold together a coalition large enough to find funding during not just citywide, but statewide, economic crisis.<sup>274</sup> Stymied locally, teachers began a

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<sup>271</sup> Fraser paraphrasing calls from union members in Warren quoted in Riddle, “Race and Reaction in Warren, Michigan, 1971 to 1974,” 20.

<sup>272</sup> Quoted in Riddle, “Race and Reaction in Warren, Michigan, 1971 to 1974,” 38.

<sup>273</sup> See Georgakas and Surkin, *Detroit, I Do Mind Dying* on the Dodge Revolutionary Union Movement in Detroit, MI in 1968 and Cowie, *Stayin’ Alive* on Lordstown, OH in 1970.

<sup>274</sup> As late as 1973, Sam Fishman, who had taken over the UAW’s election work from Roy Reuther, fielded school finance requests. Sam Fishman to Michigan CAP Executive Committee, February 21, 1973; George Schwartz to Sam Fishman, February 13, 1973, UAW Region 1B Collection, Box 235, Folder 34 Public Schools; financing, 1973, Reuther Library.

national campaign for one-third federal funding during a moment of bipartisan consideration. Though a joint AFT-NEA Full Funding Committee had been lobbying with the labor movement's help for federal aid, during 1970 budget negotiations, Nixon's veto held up the annual appropriation until after the school year started.

In this teachers also no longer had the allies they needed in the federal government. For U.S. Commissioner of Education, Nixon had just nominated Sidney Marland, former superintendent of wealthy suburban schools in Darien, CT and Winnetka, IL and of the Pittsburgh district he half-heartedly attempted to desegregate through voluntary magnet schools rather than mandatory busing. Pittsburgh teachers took credit for driving the anti-union Marland out of the city when they organized with the AFT and struck for recognition in 1968.<sup>275</sup> The Ford Foundation's Edward Meade Jr. delicately suggested alternative candidates to McGeorge Bundy, assuring him that he had respected their "agreement" to share information only when asked by commission staff.<sup>276</sup> With his Ph.D. in educational administration from New York University and his intervening years spent at the business-backed Institute for Educational Development, Marland was a departure from the Columbia and Harvard-trained elite educational administrators of the past decades, and from his immediate predecessor as commissioner, the pro-busing James E. Allen, Jr.

Watching school finance cases work their way through the courts, members of Nixon's Presidential Commission on School Finance had begun studying new sources of education funding in the spring of 1970. The Commission quickly landed on a value-added tax (VAT), to be raised

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<sup>275</sup> *Detroit Teacher*; Nomination Hearing, Ninety-first Congress, Second Session, on Albert...to OEO, Senate Committee on Labor and Public Welfare, 1970.

<sup>276</sup> Edward J. Meade, Jr. to McGeorge Bundy re Candidates for U.S. Commissioner of Education, September 21, 1970, FA 617, Series 1, SSA, Box 1, Folder 16, RAC.

by the federal government and distributed by states to local school districts.<sup>277</sup> When the Commission's executive director began soliciting advice during the winter of 1971, he personally wrote to a Ford Foundation vice president but sent a form letter to the AFT president, soliciting views from "groups such as yours."<sup>278</sup> After Nixon asked the Advisory Committee on Intergovernmental Relations to study the VAT, the Ford Foundation funded a 1972 conference led by Stanford's Michael Kirst.<sup>279</sup> Certainly the AFT offered the President's Commission no money, and if Selden shared anything, it may have been objections to Nixon's proposal to convert federal revenue sharing from need-based to flat grants or his consideration of a wage freeze.<sup>280</sup>

By then even the NEA, Ford Foundation program officer James Kelly's bastion of traditionalists, speculated about the politics required to enact a VAT: "Organized teacher power, translated into political clout, may be the only viable force which can shift the traditional base of financing public education and tap new sources of funds."<sup>281</sup> Brought into the federal government, college professors but not K-12 teachers—including Kelly on the President's Commission and leading school finance reform scholar Joel Berke at the Department of Health, Education, and Welfare—had access to political clout, but their choice of allies made it increasingly difficult to

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<sup>277</sup> A value-added tax taxes the value added by business at each stage of production, rather than a sales tax at the end point of consumption. National Education Association Research Division, "Value Added Tax", Special Memo C-2, March 1972, Box 316, Folder 3, NEA Committee on Educational Finance Meeting Minutes, 4-6 October 1970, Box 1157, Folder 3, National Education Association - Governance Records, NEA.

<sup>278</sup> Harold Howe II to Norman Karsh, February 25, 1971, FA 538, Series 1, Box 1, Folder Harold Howe II Chron Corr 1971 G-N, RAC. Norman Karsh to David Selden, March 9, 1971, AFT - Office of the President Collection, Reuther Library.

<sup>279</sup> Bott, "Private Foundation Activism." James A. Kelly to VAT Conference Participants, June 9, 1972, FAP School Finance Reform Correspondence 1970-1973, RAC.

<sup>280</sup> Revenue Sharing resolution adopted-AFL-CIO Executive Council, 6 March 1971, Box 2, Folder 12, AFT Presidents Office: 1960-1974 Part II, Reuther Library.

<sup>281</sup> Ralph J. Flynn, "Teacher Power and American Education: Who Decides," *Vital Speeches of the Day*, July 18-19, 1974.

use.<sup>282</sup> The sophisticated sales tax went as far as Nixon advisor John Ehrlichman, who urged the president not to advance the plan as news of the Watergate scandal broke in the fall of 1972.<sup>283</sup>

Teachers turned back to the states, where initiatives to fund schools were on the 1972 fall ballot. As had been true since 1932, the sales tax complicated school finance reform in Michigan. One of the Governor's budget aides told the League of Women Voters of Michigan that a value-added tax was "the best that can be devised"; opponents would "be told to accept it or they can go on with their old property tax."<sup>284</sup> The governor's campaign argued that a two percent tax on the value added to goods at every stage of production would impose the same tax burden on businesses as the property tax had.<sup>285</sup> However, the MFT president countered that "(i)n reality, the value added tax is another way to increase the sales tax on the consumer."<sup>286</sup> When what was left of the Detroit labor coalition asked Michigan voters to replace the local school property tax with a state graduated income tax, the campaign for full-state funding was already lost. However, as described in Ch. 4, Detroit found another way to tax the rich to fund schools—the non-voted city income tax—until the tax limitation movement outlawed taxes imposed without voter approval.

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<sup>282</sup> Interview with Marian Bott, October 23, 2019.

<sup>283</sup> While a student at Stanford University working with school finance reformers like Michael Kirst, Bott interned at the Office of Education during the summer of 1972 when VAT discussions were well under way. At some point, U. S. Attorney General Elliot Richardson also met to discuss the VAT. Interview with Marian Bott, October 23, 2019.

<sup>284</sup> Winnie Reese to State Board re The Tax Part of Governor Milliken's Taxation-Education Message, April 20, 1971, Box 11, Issues, Taxation, Papers, 1972, LWV of Michigan.

<sup>285</sup> Michigan Committee for Quality Education, Answers to Frequently Asked Questions, Box 1, Governor Milliken Ed. Program Folder, Riordan papers.

<sup>286</sup> Henry Linne, "The President Says" Column, *Michigan Teacher*, May 1971, 2-3.

## Ch. 4 Tax the Rich in Michigan

The steadily escalating fiscal crisis of Detroit schools worsened in early 1973. If the newly-appointed Detroit Education Task Force could not secure aid from the state, sell a bond to investors, raise new tax revenue, or some combination of the above, the elected Detroit school board would close schools for the year on March 15, 1973 and lay off 15,000 teachers.<sup>1</sup> In a last effort to avoid this calamity, politicians, bankers, insurers, businessmen, lawyers, administrators, unionists, and activists gathered under the sculptural ceiling of a modernist conference center at Detroit's urban university to debate how to save the city's public school district.<sup>2</sup> Detroit teacher union president Mary Ellen Riordan, having won substantial influence over the Detroit school board, spoke up to defeat a motion to remove the board's ability to levy new taxes. Voting to keep Detroit students and teachers in their classrooms through the end of the scheduled school year, the Task Force split into committees to find money and restore confidence.

Even unions and companies locked in acrimonious private sector bargaining cooperated during initial negotiations over the school finance crisis.<sup>3</sup> However, the Task Force put different factions in the same room and only replicated rather than resolved their differences. Leaders of the Task Force's committees represented United Automobile Workers caucuses which had been

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<sup>1</sup> <Ibid, 20.> The Detroit school board issued anticipatory layoff notices effective April 1 early in the winter of 1973. John W. Porter to The Honorable Gary Byker, January 26, 1973, Box 5, Folder 14 Detroit Financial Crisis Part 1, Porter files. When the school board hired 1,000 emergency substitutes in the fall, the DFT went to court to require they receive written contracts. "Inner-City Blues," *Michigan Teacher* xxxii (3), February 1973, 8.

<sup>2</sup> Education Task Force, February 9, 1973, March 2, 1973, League of Women Voters of Detroit Records, 1930-1988, Bentley Historical Library, University of Michigan (LWV of Detroit).

<sup>3</sup> Although invited to the February 9, 1973 meeting to decide the fiscal fate of Detroit schools, the UAW's vice president Douglas Fraser did not show. When the auto companies stopped bargaining with the UAW after 1973, Fraser's attention was drawn away from his volunteering on the Detroit Education Task Force. Even as the UAW struck Chrysler over a speed-up during the fall of 1973, the Task Force's staff director optimistically noted that "Mr. Fraser and other members of the Task Force were colleagues in their work on behalf of education, and at the same time were involved in marathon bargaining, one with the other." Luvern L. Cunningham, *The Education Task Force: A New Approach to Educational Problem Solving in Detroit*, undated, New Detroit Inc Correspondence 2, New Detroit, Inc., Ford Foundation records, RAC.

fighting over radicalism and race in the union since the 1940s.<sup>4</sup> A vocal minority of homeowners association leaders and antibusing activists voted no on the Task Force's school revenue proposal. The state superintendent warned that any tax imposed without voter approval—a non-voted tax—could “accelerate black middle class and white flight from Detroit or enrollment in private schools.”<sup>5</sup> The teachers union was intransigent; teachers would strike unless there were new taxes to secure their continued employment.

Could teachers tax the rich? Not on their own. Liberal women and teachers across the political spectrum struggled to advance the progressive income tax as the desegregation crisis escalated. By the time Michigan teachers finally qualified a progressive income tax for the fall 1972 ballot, a federal judge had just ordered metropolitan busing for integration of 780,000 students in the *Bradley v. Milliken* case, the Detroit Federation of Teachers (DFT) had obtained a court order against budget cuts, and the Detroit schools had tried and failed two, soon to be three, times that year to pass a local school property tax. Taxing the rich gained public support even as

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<sup>4</sup> UAW vice president Doug Fraser chaired the Organization/Management Committee while Dr. Ethelyne Crockett chaired the Education Committee after school budgets balanced in 1974. Dr. Crockett was married to George Crockett, the prominent labor and civil rights attorney who personified the UAW's divides. While Crockett reformed the union from within, establishing fair employment practices and founding the Trade Union Leadership Council for Black union members, leftists increasingly organized outside the union in the League of Revolutionary Black Workers. As a law partner of Ernie Goodman, who had been red-baited out of the union and replaced by Abe Zwerdling, Crockett defended accused communists. Alongside League of Revolutionary Black Workers leader Ken Cockrel, Crockett made Detroit's Recorder's Court a site of resistance to police violence and shop floor working conditions. Under Reuther, Fraser and others, the UAW had crushed a wildcat strike wave organized by Revolutionary Union Movement chapters at hazardous plants like Chrysler's Dodge Main. Education Task Force, DBE, Organization/Management Committee, January 19, 1973 and Education Task Force, DBE, Education Committee, January 19, 1973, New Detroit Inc Correspondence 1, New Detroit, Inc., Ford Foundation records, RAC. Thompson, *Whose Detroit?* August Meier, *Black Detroit and the Rise of the UAW* (New York: Oxford University Press, 1979). Dan Georgakas, *Detroit, I Do Mind Dying* ed. Marvin Surkin (Cambridge, MA: South End Press, 1998).

<sup>5</sup> The Detroit school district had run deficits since teachers' 1967 strike. Since at least 1971, the Michigan school board considered a non-voted income tax as one potential solution to Detroit school district deficits. Michigan's constitution permitted non-voted taxes to retire debt, but the state legislature had to first approve the conversion of a deficit to debt. Section 6 of Article IX. John W. Porter to The Honorable Gary Byker, January 26, 1973, Box 5, Folder 14 Detroit Financial Crisis Part 1, Porter files. Porter worried non-voted taxes would doom voters' renewal of a 0.0075 percent local school property tax expiring at the end of the 1973-1974 school year. John W. Porter to State Board of Education re State Board of Education Meeting with Detroit Board of Education, November 20, 1972, November 20, 1972, Box 5, Folder 11, Porter files.



northern court cases threatened white racial privilege: between the 1968 and 1972 Michigan election losses, the progressive income tax picked up eight percentage points in votes. The progressive income tax's eventual failure to pass left the schools in crisis, unable to pay their bills and unable to satisfy the demands of teachers, students, parents, and the public.

This chapter recovers an alternative to fiscal austerity during the age of neoliberalism.<sup>6</sup> Years before New York City secured private loans with public budget cuts, bankers and businessmen were already willing to maintain a smaller welfare state in K-12 schools.<sup>7</sup> Typically, taxation requires voters to approve a specific tax or spending limit that government agencies and boards raise revenue up to. In Michigan, the state legislature granted the Detroit school board authority to tax city residents without their assent to prevent a chaotic school district shutdown in 1973. The only resolution to the urban school fiscal crisis when democracy failed was to circumvent voters. After Detroiters insisted businesses pay too, the school board substituted a property tax for an income tax until 1979. It took constitutional tax and spending limitation, the subject of Part III, to end the Detroit school board's authority to levy non-voted taxes.

Men dealing in back rooms took charge when voters refused to pay for schools with state funds.<sup>8</sup> Legislators, bankers, and supreme court justices only signed off on the state school board's

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<sup>6</sup> Since David Harvey, many cultural commentators have defined the 1970s as the beginning of neoliberalism, a period of governance marked by domestic deregulation, trade liberalization, privatization, tax cuts, and spending cuts. By contrast, intellectual historians reach back further for roots in the 1937 Colloque Lippmann. Here, I think of neoliberalism as a political economy defined by state intervention to protect markets. David Harvey, *A Brief History of Neoliberalism* (New York: Oxford University Press, 2005). Angus Burgin, *The Great Persuasion: Reinventing Free Markets Since the Depression* (Cambridge, MA, 2012).

<sup>7</sup> Still, Detroit schools' narrow escape from closure shows how widespread urban fiscal crises were in the 1970s, underscoring Phillips-Fein's story about New York. In New York, where a graduated income tax had been levied since 1919, the fiscal fix was not so quick or confined. Kim Phillips-Fein, *Fear City: New York's Fiscal Crisis and the Rise of Austerity Politics* (New York: Metropolitan Books, 2017).

<sup>8</sup> Detroiters exemplified different strands of female activism during the early 1970s: working-class maternalism, labor feminism, and professionalism. Here, I focus on professional women who organized and lobbied without appealing to motherhood or feminism. School money had no gender. Carmen Roberts as an example of working-class maternalism in Gillian Frank, "The Colour of the Unborn: Anti-Abortion and Anti-Bussing Politics in Michigan, United States, 1967–1973," *Gender & History* 26, no. 2 (2014): 351-78. Myra Wolfgang as an example of labor feminism in the introduction to Dorothy Sue Cobble, *The Other Women's Movement: Workplace Justice and Social Rights in Modern*

rescue package for the Detroit school district, which had run deficits since 1967, after private negotiation and public pressure. When the Detroit schools threatened to close months early in the spring of 1973, the Ford Foundation funded the Detroit Education Task Force to keep them open, drawing on political science research by Harold Lasswell and his followers in education administration. I argue the DFT provoked the state's financial decisions by striking for more than a month. States were forced to balance municipal budgets when school boards settled union contracts they could not afford with teachers.<sup>9</sup>

The dissertation title begins with a policy recommendation—tax the rich—and this chapter describes why it was so hard to do. Section one describes how Detroit school district deficits grew when voters and legislators refused to fund desegregating schools. Section two outlines the debate over and options for a statewide solution. Sections three and four detail the paralysis of the political process, with a foundation-brokered resolution when teachers unions refused to back down and courts reluctantly and only partially intervened.

## **The Conjunction of Urban School Fiscal Crisis and Metropolitan School Desegregation Crisis**

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*America* (Princeton, NJ: Princeton University Press, 2004). Dewey Burton is a counterpoint working-class male representative in the introduction to Jefferson Cowie, *Stayin' Alive: The 1970s and the Last Days of the Working Class* (New York: New Press, 2010).

<sup>9</sup> Historians writing about school money during the 1970s have focused on reactionary populism, special education, racialized taxation, and everyday politics. Jonathan Rieder, *Canarsie: The Jews and Italians of Brooklyn against Liberalism* (Cambridge, MA.: Harvard University Press, 1985). Ronald P. Formisano, *Boston against Busing: Race, Class, and Ethnicity in the 1960s and 1970s* (Chapel Hill: University of North Carolina Press, 2004). Against a cynical view in the history of education literature that teachers pushed students into special education by the 1970s to get additional federal funds, I show how teachers actively searched for fair taxes in the states. Ch. 6: "Reconfiguring School Finance, 1974-1977" in Adam R. Nelson, *The Elusive Ideal: Equal Educational Opportunity and the Federal Role in Boston's Public Schools, 1950-1985* (Chicago, IL University of Chicago Press, 2005). Camille Walsh, *Racial Taxation: Schools, Segregation, and Taxpayer Citizenship, 1869-1973* (Chapel Hill, NC: The University of North Carolina Press, 2018). Tracy L. Steffes, "Assessment Matters: The Rise and Fall of the Illinois Resource Equalizer Formula." *History of Education Quarterly* 60, no. 1 (2020): 24-57.

School budgets increased even as racist, retired, unemployed, or religious Detroit voters refused to pay more for public education. At \$895.22, Detroit spent more than the state per pupil average on city students, but less than the next twelve largest in-state school districts.<sup>10</sup> AFT president David Selden wanted to nearly double this amount to \$1,600 for every child in the United States.<sup>11</sup> In Michigan, unfunded mandates piled up annual charges. The state supreme court ruled textbooks must be free (\$3 million), the state legislature decentralized the Detroit district into eight regions (\$4 million), and the U.S. District Court approved the school board's magnet school plan for voluntary desegregation (\$1.5 million).<sup>12</sup> The DFT settled a strong contract during the "plague year" of 1971, demonstrating the union's power as a bargaining agent despite divisions over race and agency fees.<sup>13</sup> President Nixon's 1971 wage freeze bought some time to pay out teachers' previously negotiated cost of living increases.<sup>14</sup> However, when the DFT demanded the 1971 contract include the union's program to halve class sizes, the Detroit school district covered the added expense of two Neighborhood Education Centers after state and federal funding ended.<sup>15</sup> If

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<sup>10</sup> Comparative figures (state average \$821.63, Detroit \$895.22, other large districts \$935.44) included categorical federal and state funds like Title I, which required maintenance of effort. Statement of Donald J. Krebs, March 9, 1972, Box 5, Folder 11, Porter files.

<sup>11</sup> Selden essentially proposed the state take over collection of property taxes at 20 mills and add an income tax surcharge to the federal tax, letting the federal government equalize funding to get spending up to 10% of GDP. David Selden, "A Proposal to Pay the Bills: Low Cost Education Is No Bargain," *Detroit Teacher*, 31 (3), November 19, 1971, 7.

<sup>12</sup> "Nixon's not our friend," *Michigan Teacher*, February 1972. Irma Bosma, "Phase 2, Roth's decision among MFT's concerns," *Michigan Teacher*, February 1972. Regional district costs imputed from comparison of figures in Hathaway's <math>\diamond</math> speech with Albert Lee, C.P.A., Auditor General to Senator Charles O. Zollar and Representative William R. Copeland, November 17, 1972, Box 5, Folder 11, Porter files.

<sup>13</sup> When the Detroit school board suggested cuts in the spring of 1971, the teachers union brought 2,500 members to a board meeting, high school students held a sit in, parents kept their students out of school, teachers sicked out and the parent-teacher association led a march on the state capitol. "A Journal of the Plague Year," *Detroit Teacher* 30 (10), March 15, 1971, 6. "P-TA Conclave Urges Concern in School Plight," *Detroit Teacher* 30 (11), March 29, 1971, 1. DFT, "History of the DFT," Accessed July 2, 2021, <http://dft231.mi.aft.org/about-us>.

<sup>14</sup> Unions litigated Nixon's Cost of Living Council's prevention of school boards from paying salary increases negotiated before the wage freeze, securing fall 1971 federal court rulings in New Orleans and New York to pay out existing contracts. The MFT went to court to force Michigan school boards to pay. Eventually, the U. S. Congress passed the Retroactive Pay Act. Henry Linne, "The President Says" Column, *Michigan Teacher*, September 1971, 2. "U.S. loses first court case to enforce freeze," *Michigan Teacher*, October 1971, 1.

<sup>15</sup> Urban renewal eliminated the third planned site in Detroit. The Neighborhood Education Center, Detroit's version of the American Federation of Teachers (AFT) More Effective Schools program, doubled teaching staffs and thus

the union could enforce contractual class size caps, the district would have to hire additional teachers. The DFT began filing grievances in the fall to reduce oversize classes.<sup>16</sup> All of this accentuated the urban school fiscal crisis.

The Detroit school board triggered state scrutiny when it passed an illegal deficit budget at the start of the 1971-1972 school year.<sup>17</sup> After several months of meetings and correspondence during the fall of 1971, the most optimistic “survival” budget the Detroit school board could pass was short \$18,488,217.<sup>18</sup> State officials could not afford to be generous with Detroit schools as unemployment approached double digits. Governor Milliken had vetoed the state legislature’s 1970-1971 budget to force cuts. Legislators heard the message and cut their own 1971-1972 State School Aid Act, passed after the start of the school year.<sup>19</sup> Some legislators shared public suspicions about Detroit school budget lines like administrators’ and board members’ chauffeured cars, an expense of \$82,452 or 0.03 percent of the 1971-72 budget of nearly \$270 million, and

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roughly doubled costs. However, AFT president David Selden lamented that the union’s “most prized program, the More Effective Schools, (was) in danger because—we simply cannot generate enough money through local bargaining to expand the program.” David Selden, “The State of Our Union,” *Detroit Teacher*, 31 (1), September 23, 1971, 3. DFT president Mary Ellen Riordan thought the program would have been cut if the DFT had not “insisted—demanded is more nearly accurate” that it was a “non-negotiable item” in the contract. Perhaps in recognition of Detroit’s commitment, the AFT Effective Schools Council held its fall session in Detroit. Mary Ellen Riordan, “From the President” Column, *Detroit Teacher*, 31 (2), October 27, 1971, 2.

<sup>16</sup> DFT members ratified the June settlement effective as of July 1 on July 16. “It’s \$700+ ACROSS-THE-BOARD!: The Union’s ‘Magic Formula’ wins again,” *Detroit Teacher*, 31 (2), October 27, 1971, 1. “DFT Opens Class-size Battlefield,” *Detroit Teacher*, 31 (2), October 27, 1971, 1. “Contract Violated on Three Counts: Union files grievance on soaring class size,” *Detroit Teacher*, 31 (3), November 19, 1971, 1. “DFT files emergency sub-shortage grievance, class-size contract violation moves to Step 3,” *Detroit Teacher*, 31 (4), December 15, 1971, 1. Since the late 1950s when the first modern blue-ribbon citizens’ commission raised school revenue, the local property tax rate for Detroit schools had doubled while class sizes declined only modestly, and averaged at least thirty students. Detroit Public Schools Fact Pack attached to Charles J. Wolfe to Dr. John W. Porter, February 2, 1972, Box 5, Folder 11, Porter files.

<sup>17</sup> While there was some debate about whether the budget was illegal at the time of passage, on September 23, the state Attorney General issued an opinion declaring it so. John W. Porter to State Board of Education, February 4, 1972, Box 5, Folder 11, Michigan Department of Public Instruction, Subject Files of John Porter, Superintendent of Public Instruction, 1969-1981, Lansing, MI: Archives of Michigan (Porter files).

<sup>18</sup> The budget continued the district’s “Survival Plan” of program reduction, assumed 5.5% inflation, minimal salary increases, and deferred maintenance. Still, the only way to narrow the deficit was to plug in proceeds from a May millage extension and an increase in state aid, neither of which were guaranteed. The deficit could go as high as \$86,488,217. Detroit Public Schools Fiscal Considerations: Estimates of Revenue and Expenditures 1972-1973, March 20, 1972, Box 5, Folder 11, Porter files.

<sup>19</sup> Charles J. Wolfe to Dr. John W. Porter, February 2, 1972, Box 5, Folder 11, Porter files.

required an audit.<sup>20</sup> Determining that teachers' salaries were not higher than the state average, and that the district had not inappropriately used its reserves for operations, the state auditor attributed the Detroit school district's financial problems to a low local school property tax rather than "management weaknesses."<sup>21</sup>

The newly conservative Detroit school board quickly changed management practices, reversing course on desegregation and school finance lawsuits in addition to teacher unionism.<sup>22</sup> Awaiting district court Judge Stephen J. Roth's next *Bradley v. Milliken* desegregation order, school board members voted to appeal his finding of segregation at their November 9, 1971 meeting. In a heated personnel discussion while the meeting was open to the public, the school board president targeted the board's attorney of ten years, George Bushnell, impugning his work and motivation in what DFT president Riordan judged "(o)ne of the most shocking displays" of "public disregard for the normal decent behavior taken for granted among elected officials" that she had "ever witnessed."<sup>23</sup> Bushnell had represented the Detroit school board in *Bradley v. Milliken* litigation for the past year, leading to a finding of segregation. Perhaps the new board objected to Bushnell's backroom dealing with the NAACP over the scope of desegregation. Less directly, the Detroit school board decided to end its pioneering property tax lawsuit, scheduled to reopen on November 19. By replacing the seasoned lawyer with an intern in educational

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<sup>20</sup> See Glass, *Cracked Foundations* for a similar dynamic of "petty squabbles over trivial issues" in Long Island. Subject: Informational Summary of Findings—Detroit Public School District, Box 5, Folder 12, Porter files.

<sup>21</sup> Porter himself wrote to William Copeland to reassure the representative. John W. Porter to The Honorable William Copeland, November 28, 1972; Michigan Department of Education, "A Report to the Legislature in Compliance with House Concurrent Resolution 633," January 17, 1973, Box 5, Folder 12, Porter files.

<sup>22</sup> After voters recalled the pro-integration Detroit school board in August 1970, an interim board appointed by the governor approved \$12.4 million in raises for teachers. The post-recall school board president attributed budget deficits to these and other salary increases. The new board promoted assistant superintendent Dr. Charles J. Wolfe to superintendent and kept labor negotiator Aubrey McCutcheon.

<sup>23</sup> Patrick McDonald had by then been replaced as chair by James Hathaway after splitting his conservative coalition on the thirteen member board. McDonald, a Catholic Deacon and Detroit-trained attorney, developed the voluntary magnet school plan. Riordan's judgement relayed in Mary Ellen Riordan, "From the President" Column, *Detroit Teacher*, 31 (3), November 19, 1971, 2. William Grant, "Rise and Fall of Patrick McDonald," *Detroit Free Press*, July 3, 1971, 3A.

administration, the school board effectively fired Miller Canfield, the law firm that had “spent literally hundreds of hours in the painstaking preparation of the case over a period of more than three years.”<sup>24</sup> As the Detroit school board abandoned its pioneering school finance reform lawsuit, other plaintiffs filed suit.

Although Governor Milliken did not support moving students across school district lines, he took charge of a ballot initiative and lawsuit to move dollars. Before Judge Roth’s fall 1971 desegregation order, Governor Milliken launched his own ballot drive to let Michiganders vote for property tax relief. When Roth ruled that the Detroit schools were segregated, the state was responsible, and the suburbs could be part of the remedy, Milliken promised to appeal. The governor did not believe that state officials like himself had “intentionally caused segregation” or that “busing is the only alternative.”<sup>25</sup> The NAACP scrutinized the Michigan governor’s televised promise to appeal for “the strategy that will be employed against us as we press school desegregation in the North.”<sup>26</sup> Three days after Judge Roth found the state liable for segregation, the governor and attorney general announced their intent to file suit against the state treasurer and three suburban Detroit districts in *Milliken v. Green* to make unequal local school property taxes unconstitutional.<sup>27</sup> A month after Roth’s order, suburban parents waiting to see whether their school districts would be included in the desegregation area separately sued to increase school funding but keep the property tax and local control.<sup>28</sup> Given his unusually active and personal role

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<sup>24</sup> Ibid.

<sup>25</sup> Milliken, Special Radio-TV Report, November 3, 1971.

<sup>26</sup> Nathaniel Jones to NAACP Executive Staff, November 8, 1971, Box 1042, Folder 3, NAACP Legal Department

<sup>27</sup> The defendant state treasurer signed state aid checks with the plaintiff Milliken and Attorney General Mike Kelley held a press conference announcing their intent to file a joint lawsuit on September 30, 1971. Roth issued a finding of de jure segregation on September 27 and ordered metropolitan desegregation plans on November 20, 1971. Hain gets the timeline wrong.

<sup>28</sup> Suburban Detroit parents later petitioned to join *Bradley v. Milliken* to strategically increase the desegregation area. Flint Journal, “Suit Filed on School Financing,” October 28, 1971, Box 1042, Folder 3, NAACP Legal Department. Brett Gadsden, ““The Other Side of The Milliken Coin”: The Promise and Pitfalls of Metropolitan School Desegregation,” *Journal of Urban History* 36, no. 2 (2010): 173-96.

in suing the state treasurer and petitioning state voters to reduce disparities in local property tax revenue for schools, the governor's strategy seemed to be quality education for all. Citing Milliken, the National Education Association's general counsel argued that equalized funding could invalidate the need for desegregation.<sup>29</sup>

Federal courts, not state governors or local school board members, had the authority to make school policy in the last days of 1971. As school desegregation litigation moved northward, the NAACP had been busy pushing new cities from voluntary to mandatory change. NAACP executive director Roy Wilkins wrote to district court judge Stephen Roth with hopes that his recent decision in the ongoing Detroit school desegregation case *Bradley v. Milliken* "may well come to be seen as momentous in the same way as that rendered in Brown vs Topeka."<sup>30</sup> Likely given the boldness of the ruling, Wilkins tempered his draft from "will come to be seen as momentous" to "may well." Roth responded that he had "long admired (Wilkins) from afar" and offered a "prayer that in the remainder of (his) participation in the Detroit school case (he would) be able to see as keenly and stand as firmly as (Wilkins had) on so many occasions."<sup>31</sup> Roth would need this determination amidst mounting pressure to limit the desegregation remedy to Detroit.

Elected officials unsuccessfully attempted to deter Roth's impending metropolitan desegregation order. On March 17, 1972, President Nixon proposed a moratorium on busing orders while Congress considered how to provide "equal educational opportunity" without busing.<sup>32</sup> Grassroots antibusing groups campaigned to amend the U. S. constitution to ban busing

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<sup>29</sup> Bob Chanin to David Rubin, November 15, 1971, Box 2968, Folder 3, National Education Association - Divisions Records, NEA. Dr. Sam M. Lambert to David Rubin, January 26, 1972, Box 316, Folder 2, MS2266, NEA

<sup>30</sup> This sentiment was a tempered version of Wilkins' draft, which instead of "may well," used "will." Roy Wilkins to Stephan Roth, December 22, 1971, Box 1042, Folder 4, NAACP Legal Department

<sup>31</sup> Stephen Roth to Roy Wilkins, December 29, 1971, Box 1042, Folder 4, NAACP Legal Department

<sup>32</sup> Richard Nixon, Address to Congress, Office of the White House Press Secretary, March 17, 1972, Box 1043, Folder 4, NAACP Legal Department

for racial integration in schools.<sup>33</sup> One of Michigan's senators introduced an antibusing amendment to the U. S. Congress, while the other supported busing and survived a recall attempt.<sup>34</sup> A constitutional amendment, Nixon told a national television audience, had a "fatal flaw—it (took) too long."<sup>35</sup> A day after Roth's March 22nd deadline for briefs on the legality of a metropolitan busing plan, the U.S. Attorney General filed a motion to defer further action on *Bradley v. Milliken* pending the outcome of Nixon's bill.<sup>36</sup> After determining the Detroit-only desegregation plans would not work, Roth ordered a metropolitan plan on March 28, 1972.<sup>37</sup> The district court considered the busing plans proposed by the State Board of Education, the Detroit school board, and the NAACP before adopting much of the NAACP plan.<sup>38</sup>

Southeastern Michigan's schools were part of one of the largest desegregation areas ever proposed. When *Bradley v. Milliken* was first filed, there was no precedent for metropolitan relief; during the course of the trial, *Swann v. Charlotte-Mecklenberg County Board of Education* set one in the south. However, unlike in other regions, city and county lines were not coterminous in southeastern Michigan, a condition in many cities with metropolitan busing plans such as Indianapolis, IN, Louisville, KY, and Charlotte, NC.<sup>39</sup> Where metropolitan busing was tried, it

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<sup>33</sup> West of Detroit in Wayne County, Citizens Against Bussing formed to lobby for a constitutional amendment against busing within days of Roth's desegregation area study order. The National Action Group worked to pass a constitutional amendment to ban busing in 1972. Chapters active in the effort were in Livonia, Taylor, Southgate, St. Clair Shores, South Lyon, Lincoln Park, Dearborn Heights, Huron Valley, Royal Oak and Waterford, who showed up to picket the Pontiac school board; National Action Group "NAG RAG", January 7, 1972, History and Notes 1972-1973 Folder, Box 1, Shirley Wohlfield Papers, Bentley Historical Library, University of Michigan. National Action Group Brochure "Citizens Opposed to the Forced Busing of School Children," History and Notes 1972-1973 Folder, Box 1, Wohlfield papers.

<sup>34</sup> Robert Griffin; Phil Hart, respectively.

<sup>35</sup> Quoted in Dimond, *Beyond Busing*, 80.

<sup>36</sup> David Norman and Ralph Guy, Motion to Defer Further Proceedings, March 23, 1972, Box 1043, Folder 5, NAACP Legal Department

<sup>37</sup> Stephen Roth, Findings of Fact and Conclusions of Law on Detroit-Only Plans of Desegregation, March 28, 1972, Box 1043, Folder 5, NAACP Legal Department

<sup>38</sup> The state school board's metropolitan desegregation plan covered 36 districts of 86, similar to Zwerdling's 1969 proposal. Ritchie's proposal covered 66 districts after 4th grade. Dimond, *Beyond Busing*.

<sup>39</sup> The NAACP unsuccessfully argued that the state of Michigan, not the city of Detroit or Wayne County, was the relevant political landscape. Thus, lawyers tried and failed to circumvent the geographical determinism of municipal boundaries.



did not always break down racial divides: schools and busing routes were located along lines of the existing political economy.<sup>40</sup> On June 14, Roth designated a desegregation area and appointed a panel to determine an attendance policy for “maximum actual desegregation.”<sup>41</sup> The desegregation area covered 780,000 students in fifty-four of the eighty-six school districts in Wayne, Oakland, and Macomb counties. The school districts were grouped in fifteen clusters based on a forty-minute travel time.<sup>42</sup> Cross- or inter- district busing would begin with younger students in the new school year in the fall of 1972. Roth’s plan immediately sparked opposition. The National Action Group coordinated antibusing efforts throughout the southeastern Michigan region, claiming thirty-four chapters by the fall and seventy-four by the end of 1972.<sup>43</sup>

The NAACP general counsel wrote to the civil rights organization’s executive director that *Bradley v. Milliken* was “the most significant development in school litigation since Brown.” “We took a Northern city, made a de jure case out of it, proved it and made it stick, and now we have a Metropolitan order” the general counsel wrote.<sup>44</sup> Roth himself looked to *Brown II* for “the

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<sup>40</sup> Ansley Erickson, *Making the Unequal Metropolis: School Desegregation and Its Limits*, 2016

<sup>41</sup> The panel included the DFT President Mary Ellen Riordan, who filed a minority report. The other members included: William Emerson, Freeman Flynn, Melvin Leasure, Aubrey McCutcheon, Richard Morshead, William Pierce, Rita Scott, Harold Wagner, Gordon Foster, Merle Henrickson. Meeting of the Roth Desegregation Panel, Summary of Proceedings, July 27, 1972, Roth panel minority report, 1972 Folder, Box 1, Mary Ellen Riordan Papers, Reuther Library.

<sup>42</sup> Stephen Roth, Ruling on Desegregation Area and Order for Development of Plan of Desegregation, June 14, 1972, Box 1044, Folder 2 NAACP Legal Department

<sup>43</sup> Michael Wendland, “NAG Offers to Help Detroit Bussing Foes,” *The Detroit News*, October 5, 1971, 17A, Box 1042, Folder 3, NAACP Legal Department. At least thirty-four metro Detroit chapters formed in the days after District Court Judge Roth ordered a desegregation area study that included the suburbs. By December 10, 1971, when the National Action Group filed an unsuccessful petition to intervene as defendants in *Bradley v. Milliken*, the group claimed seventy-four chapters statewide with the majority in the three southeastern Michigan counties most likely to be included in a desegregation area. The National Action Group maintained that racial balance achieved based solely on racial selection was illegal. Roth allowed the Tri-County Citizens to join a new group of suburban interveners on March 15, 1972. Nancy Bird et al., Motion for Intervention as Defendants and Counter-Plaintiffs as a Matter of Right or in Discretion of Court, December 10, 1971, Box 1043, Folder 2, NAACP Legal Department. David Riddle, “Race and Reaction in Warren, Michigan, 1971 to 1974,” Footnote 52, 27.

<sup>44</sup> Nathaniel Jones to Roy Wilkins, Re: Decision in the Detroit School Case, June 14, 1972, Box 1044, Folder 2, NAACP Legal Department

authority, nay more, the duty to” require metropolitan busing for integration.<sup>45</sup> One of the early *Bradley v. Milliken* lawyers who would go on to serve as lead counsel in the Boston busing case, worried from the start that the U. S. Supreme Court would not countenance two-way, cross-district busing in the North.<sup>46</sup> Still, regionalizing education for integration “was an idea whose time will come” and the best case to “speed-up the evolutionary process” was Detroit’s.<sup>47</sup> During the metropolitan desegregation crisis, the urban school fiscal crisis accelerated.

Policymakers weighed their options when news leaked that Detroit schools might close on May 8, 1972 due to lack of funds.<sup>48</sup> In a numbered list including “Despair,” the state superintendent took notes on executive and legislative leaders’ school funding ideas, from a power equalizing state aid formula to a constitutional amendment to lower property taxes; the governor asked “what is your advice.”<sup>49</sup> The state superintendent refused to answer the Detroit school board’s question whether terminating teacher contracts was an option. “The implications of this third question” the state superintendent wrote “are so immense and complicated that no decision can be offered at this time.”<sup>50</sup> Other ideas contributed to the paralysis. Community control advocates on the state school board asked whether the state school board, financially responsible

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<sup>45</sup> Stephen Roth, Findings of Fact and Conclusions of Law on Detroit-Only Plans of Desegregation, March 28, 1972, Box 1043, Folder 5, NAACP Legal Department. Roth cited *Brown II* to consider metropolitan plans: administration, revision of school districts, and revision of local laws and regulations were within the court’s purview. Dimond, *Beyond Busing*.

<sup>46</sup> Harold Flannery, then-director of Harvard’s Center for Law and Education.

<sup>47</sup> Harold Flannery to Nathaniel Jones, NAACP General Counsel, September 4, 1970, Accession #: 100488 -011-0197, *Bradley v. Milliken* segregation case, general case material, Papers of the NAACP, Supplement to Part 23: Legal Department Case Files, 1960-1972, Series C: The Midwest, Section II: Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, West Virginia, and Wisconsin

<sup>48</sup> “Detroit schools may close May 8,” *Michigan Teacher*, February 1972.

<sup>49</sup> Undated, unsigned hand-written notes, Box 5, Folder 12, Porter files.

<sup>50</sup> John W. Porter to State Board of Education re Detroit Public Schools Financial Situation, February 15, 1972, Box 5, Folder 11, Porter files.

for public school districts, might dissolve Detroit's central board and run the schools directly through the regional school boards.<sup>51</sup>

Waiting and hoping in vain for the state legislature or courts to provide property tax relief, the Detroit school board reluctantly scheduled and twice rescheduled local school tax elections during the spring, summer, and fall of 1972 in order to increase revenue.<sup>52</sup> After state officials insisted that local financial support was a precondition for additional state aid, the school board put two two-year taxes on the ballot—0.005 percent to replace the expiring 1966-1967 levy and a 0.005 percent increase.<sup>53</sup> The literature on white flight would suggest that urban property values, and thus local school taxes, fell as residents increasingly moved to the suburbs during the 1960s.<sup>54</sup> However, after a decade of white flight, freeway construction and urban renewal, Detroit's adjusted property tax base, or state equalized value, had returned to its 1960 level by 1969.<sup>55</sup> Despite a number of failed local school tax elections during the 1960s, the left-labor coalition had passed a total of 0.015 percent in property taxes between 1965 and 1970. Thus, it was the new school board's willingness to tax property that had dropped, not the tax base.

Named after its austerity budget of the past two years, the Detroit school district ran a "SURVIVAL campaign" for less in local school taxes than advanced by the previous school board. The local chamber of commerce and advertising agencies donated staff time, while the community

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<sup>51</sup> Annetta Miller to State Board of Education re Reorganization of the Detroit Public Schools, March 28, 1972, Box 5, Folder 12, Porter files.

<sup>52</sup> Albert Lee, C.P.A., Auditor General to Senator Charles O. Zollar and Representative William R. Copeland, November 17, 1972, Box 5, Folder 11, Porter files.

<sup>53</sup> Presentation made by Detroit Public Schools at meeting with Legislators from the Detroit area on March 2, 1972, Box 5, Folder 12, Porter files.

<sup>54</sup> Kevin Michael Kruse, *White Flight: Atlanta and the Making of Modern Conservatism* (Princeton, NJ: Princeton University Press, 2005).

<sup>55</sup> <On 1960 SEV> Mrs. Robert Pitcole, What Has Happened to the Little Red Schoolhouse?, July 1969, Box 2, Folder Education—Millage; Tax and Educ. Reform; Tuition Tax Credits 1972-1978, LWV of Detroit.

(\$1,579.05), New Detroit, Inc. (\$61,772), and school employees (\$71,770.25) gave money.<sup>56</sup> Unions contributed in-kind too, with half of the school district's collective bargaining organizations attending weekly SURVIVAL Committee meetings, the UAW distributing 100,000 flyers, and the Metropolitan Detroit AFL-CIO urging passage in its internal publications and letters to affiliates. The school district's central administration ran the campaign through recently-created regional school districts and boards. Despite the SURVIVAL Committee's characterization of this decentralization as a campaign strength, regional speakers' bureaus rarely returned reports on their speeches, most regions used letter templates from the central office, and election day precincts reported back vote tallies rather than organized voter turnout.

Despite all this effort, and the absence of "organized opposition," the Detroit school tax renewal lost with 49.25 percent of the vote, and the increase lost with 39 percent of the vote.<sup>57</sup> During the campaign, Pontiac, MI antibuser Irene McCabe commented to Michigan papers covering her protest march to Washington, D. C. that "better teachers not more money" would improve "inner-city schools" if only colleges and universities would "start turning out teachers and stop turning out radicals and lunatics."<sup>58</sup> Surveys of Detroit taxpayers showed many felt

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<sup>56</sup> New Detroit, Inc. was careful to contribute for educational materials, and to channel grassroots politics through its subsidiary People Acting for Change Together (PACT). The Millage Campaign, May 16, 1972, Box 5, Folder 12, Porter files.

<sup>57</sup> "The Millage Campaign," May 16, 1972, 12, Folder 12 Detroit Financial Crisis, Box 5, Porter files.

<sup>58</sup> Antibusing activism attracted extremists too. At the start of the 1971-1972 school year in Pontiac, the Ku Klux Klan bombed school buses. Women educated white students in freedom schools, took arrest at the city bus depot, and picketed a school bus parts manufacturer. During the picket, half of the shift workers ignored the UAW General Motors department leader's plea to go to work. One in ten students left the Pontiac school district within a year. Pontiac residents protested a desegregation order for 6,000 white and Black students in Pontiac, MI. In *Davis v. School District of Pontiac*, Judge Damon Keith ruled that Pontiac school officials "intentionally utilized the power at their disposal to local new schools and arrange boundaries in such a way as to perpetuate the pattern of segregation within the City." Against the ruling in Cincinnati case *Deal v. Cincinnati Board of Education*, Keith argued families could not just move for integrated schools because of opposition to integrated housing. Keith quoted in Sugrue, *Sweet Land of Liberty*, 479. McCabe's lawyer, L. Brooks Patterson, a notorious figure in Michigan politics, rose to elected office as Oakland County prosecutor through his antibusing work. Patterson was an early supporter of tax limitation. March 31 articles by McCabe in the *Detroit New* and the *Macomb Daily* summarized in Joseph H. Billingsley, "The Lanscene," *Michigan Teacher*, May 1972, 2. March timing and Klan involvement in Riddle, "Race and Reaction in Warren, Michigan, 1971 to 1974, 30." Sugrue, "Ch. 13 "It's Not the Bus, It's Us."

decentralization and/or busing were mistakes, property taxes were unfair, leaders were out of touch or wasteful, the schools were discriminatory or for other peoples' children, or that "taxes (were) already too high."<sup>59</sup> A week after the spring SURVIVAL local school taxes failed, the school board president grudgingly recognized the "need for reform of the financing of public education" at the state ballot box. The Democratic Party and the Michigan Education Association had put forward proposals, and in the absence of "non-partisan, legislative support," the Detroit Board of Education urged citizens to "support the petition drive of their choice."<sup>60</sup>

Two other issues turned out the anti-local school tax vote in mid-May: a state lottery and the Democratic presidential primary.<sup>61</sup> Antibusers opposed local property taxes at every turn and suggested taxes on state-sanctioned gambling fund schools instead.<sup>62</sup> A particularly regressive consumption tax that also edged out the numbers game in Black communities, the lottery was a double tax on the poor.<sup>63</sup> By contrast, Michigan's probusing Let's Make It Work Committee advocated for full state funding to replace local property taxes.<sup>64</sup> A variety of probusing groups on the left went further: only nationalization of education would equally distribute funds to all schools.<sup>65</sup> A day after he was shot, pro-segregation candidate George Wallace received a higher

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<sup>59</sup> "The Millage Campaign."

<sup>60</sup> James Hathaway statement to the Detroit Board of Education, May 23, 1972, Box 5, Folder 12, Porter files.

<sup>61</sup> Michigan modeled its lottery on New Jersey's. "Items on ballot" reprinted from *Michigan UAW Capital Report*, *Michigan Teacher*, May 1972, 1.

<sup>62</sup> Shelton. Mirel. "We went city wide...", undated, History and notes, 1972-1975 Folder, Carmen Roberts Papers, Box 1, BHL; Wohlfield Note cards- busing, undated, SW speeches against forced busing, 1974-1975 Folder, Carmen Roberts Papers, Box 1, BHL. "Mother's Alert Favors Lottery To Aid Detroit," *Northeast Detroiter*, February 15, 1973, Clippings 1973 Folder, Box 1, Carmen Roberts Papers, Bentley Historical Library, University of Michigan

<sup>63</sup> Bridgett M. Davis, *The World According to Fannie Davis: My Mother's Life in the Detroit Numbers* (New York, NY: Little, Brown and Company, 2019). On the racial and political history of the lottery see Matthew Vaz, *Running the Numbers: Race, Police, and the History of Urban Gambling* (Chicago, IL: University of Chicago Press, 2020) and Jonathan Cohen, "For a Dollar and a Dream: State Lotteries and American Inequality" (Ph.D dissertation, University of Virginia, 2019).

<sup>64</sup> Let's Make It Work Committee Flyer "Vote- For a Better Detroit", Let's Make It Work Committee Folder, Box 1, Carmen Roberts Papers, BHL

<sup>65</sup> "Mass Meeting for Peaceful Integration: Protect Our Children" Flyer, Pro-Bussing Material Folder, Box 1, Carmen Roberts Papers, BHL

percentage of votes in Michigan than the local school tax did in Detroit.<sup>66</sup> Taken by surprise with Wallace's win, the League of Women Voters of Michigan sent off memo after memo re-iterating the national leagues' commitment to racial integration, and to local plans to peacefully implement Judge Roth's next desegregation order, anticipated any day now.<sup>67</sup>

To receive an advance against next year's state aid, the Detroit school district had to balance its budget by the beginning of June.<sup>68</sup> The Detroit school board had previously reduced expenditures on textbooks and instructional materials, capital outlay to the general fund, operational staff and employees, but with seventy percent of the budget paying for instructional staff, some portion of the \$16 million in cuts that year and the year prior would come from teacher layoffs.<sup>69</sup> A member of the state school board urged the Detroit school board to cut administrators before teachers but the Detroit board did not follow this recommendation.<sup>70</sup> Anticipating 800 tenured teachers would resign or retire, the board fired 1,548 substitute and probationary teachers effective at the end of the 1971-72 school year.<sup>71</sup> Only a year after regional school boards were created and elected, community members were forced to choose what to cut, rather than what to spend money on.<sup>72</sup> Regions 2, 3, 4, and 7 cut the weekly schedule to four days, while regions 1 and 5 cut the school day in half, and regions 6 and 8 refused to engage.

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<sup>66</sup> The split in the labor-liberal coalition that opened over Catholic schools widened over race. The Flint AFL-CIO was the first labor federation to endorse Wallace in the North. <

<sup>67</sup> Dan Carter.

<sup>68</sup> The state's bond regulator set the date. Harry Salsinger, "Half-day sessions included; School study plan to cut \$87 million," *Detroit News*, May 3, 1972.

<sup>69</sup> <Hathaway on instructional staff> John W. Porter to The Honorable William Copeland, November 28, 1972, Box 5, Folder 12, Porter files.

<sup>70</sup> State Board of Education vice president Michael J. Deeb. Press Release, March 6, 1972, Box 5, Folder 12, Porter files.

<sup>71</sup> Nearly 20,000 employees were represented by 26 labor organizations. Charles J. Wolfe to Dr. John Porter, August 9, 1972, Box 5, Folder 11, Porter files. Charles Wolfe statement to the Detroit Board of Education, May 23, 1972, Box 5, Folder 12, Porter files. Harry Salsinger, "Half-day sessions included; School study plan to cut \$87 million," *Detroit News*, May 3, 1972.

<sup>72</sup> Memo to Central and Regional Board Members, June 1, 1972, Fiscal crisis, 1972 Folder, Box 29, Riordan papers

Judge Roth's sweeping metropolitan desegregation order of June 14, 1972 gave the DFT legal leverage to stop budget cuts. A metropolitan desegregation area with the Detroit district on a 117 day school year and with fifty-three suburban school districts on a 180 day school year could not function. Moreover, the Detroit school board expected to start the next school year with around 11.7 percent fewer employees. Roth required the Detroit school board to maintain "schools of substantially like quality, facilities, extra-curricular activities and staffs" in the coming 1971-1972 school year. The teachers union went to court to stop layoffs. The DFT had petitioned to join the desegregation case as a defendant to have a say in situations like this, and filed a motion on June 22 to reverse the staff cuts. Roth issued a revised order on June 30 requiring Detroit to maintain the same educational program as the year prior.<sup>73</sup>

Unable to cut the school budget, the Detroit school board turned to the state and federal government for funds. Detroit's school board president testified before the U.S. House Committee on Education and Labor, which had held ten days of hearings on the "enormous implication of the *Serrano*, and related court decisions" and now contemplated federal aid.<sup>74</sup> For the rest of 1972, the Detroit Board of Education lobbied for a \$35 million grant from Congress, a \$35 million grant from Michigan, and an even split of city taxes going forward.<sup>75</sup> However, the state legislature refused to fully fund the "municipal overburden" provision of the statute governing annual school appropriation bills, to help cities with high local tax rates like Detroit.<sup>76</sup> Auditors hired by the state

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<sup>73</sup> United States District Judge Stephen A. Roth, Preliminary Injunction in Civil Action No. 35257, July 7, 1972, Box 5, Folder 12, Porter files.

<sup>74</sup> Statement of James A. Hathaway, Chairman, Board of Education, Detroit, Mich., Accompanied by Charles Wolfe, Superintendent of Schools, United States Congress, House Committee on Education and Labor, *Financing of Elementary and Secondary Education: Hearings on H.R. 44, H.R. 128, H.R. 981, H.R. 1491, H.R. 6179, H.R. 6521, H.R. 7796, H.R. 12367, and Related Bills* (Washington: U.S. Government Printing Office, 1972), 6, 7, 9.

<sup>75</sup> Patrick A. McDonald to Dr. John Porter, January 2, 1973; John W. Porter to Patrick A. McDonald, January 17, 1973, Box 5, Folder 14 Detroit Financial Crisis Part 1, Porter files.

<sup>76</sup> Porter wrote that Section 25 permitted up to \$67,300,000 shared between 39 qualifying school districts but the legislature had allocated only \$20,000,000. Figures from 1971-1972 and 1972-1973 school years. Michigan Department of Education, "A Report to the Legislature in Compliance with House Concurrent Resolution 633," 1,

legislature found only one other school district challenged like Detroit: neighboring Harper Woods, where the State Tax Commission had reduced a commercial property assessment upon appeal.<sup>77</sup> Harper Woods, not under court order like Detroit, shortened its school year after voters defeated a local school tax.<sup>78</sup> The Detroit school district superintendent admitted the only solution left was to “force implementation of the state’s responsibility for financing public education.”<sup>79</sup>

### **Labor-Liberal Ballot Proposals to Make K-12 School Finance a State Responsibility**

Teachers tried to tax the rich in Michigan during the nine short months when a legal precedent made local school property taxes unconstitutional and a desegregation court order made school budget cuts illegal.<sup>80</sup> There was no margin for disagreement. In the fall of 1971, the Michigan Education Association’s president told a meeting of metropolitan Detroit leaders of the state’s NEA and AFT affiliates that “organizational unity” was required to do “what we do best—educating—those with whom we do the poorest job—the public.”<sup>81</sup> One of five hundred attendees approvingly noted “We are here talking to each other instead of in lounges talking about each

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January 17, 1973; John W. Porter to State Board of Education re Recommended Policy Regarding 1973-74 State School Aid, September 5, 1972, Box 5, Folder 12, Porter files. Whereas nearby cities in Wayne County levied on average 38.5 mills to Detroit’s 18.61, Michigan’s largest city needed 28.43 mills for municipal overburden. Education Division, Commission on Community Relations, City of Detroit, Tax Burden in Detroit chart, Box 2, Folder Education—Millage; Tax and Educ. Reform; Tuition Tax Credits 1972-1978, LWV of Detroit.

<sup>77</sup> While 55 of 604 school districts had a deficit at the end of the 1971-1972 school year, Detroit’s share was \$37,563,802 out of \$44,407,503. Six other districts passed fall millages: Centerline, Engadine, Lincoln Park, Saginaw, Mt. Pleasant. The MDE, “A Report to the Legislature.”

<sup>78</sup> Lincoln Park also reduced its school year. John W. Porter to State Board of Education re Recommendations Regarding Resolution of Detroit Financial Crisis, December 5, 1972, Box 5, Folder 14 Detroit Financial Crisis Part 1, Porter files.

<sup>79</sup> Detroiters again rejected the renewal and increase of local school taxes during an August special election. “Detroit troubled”, *Teacher’s Voice*, September 4, 1972

<sup>80</sup> The *Serrano* ruling was in effect between August 1971 and March 1973, when *Rodriguez* overturned federal claims. Judge Roth’s desegregation order held between June 1972 and July 1974.

<sup>81</sup> A recent review of the mailing list showed that half of MFT members lived in Detroit, with only 800 of more than 20,000 living outside the tri-county area. “MFT membership centered in Metro area,” *Michigan Teacher*, February 1972. John Ort, Remarks to meeting of MEA, MFT local leaders in Wayne, Oakland, Macomb counties, November 11, 1971, *Michigan Teacher*, December 1971, 3.



other.”<sup>82</sup> However, when Michigan’s two teachers organizations considered merger in 1972 disagreement over how to tax rich individuals and wealthy businesses strained their cooperation. The Michigan Education Association was wary of losing property tax relief by tying it to the progressive income tax, which Michigan voters had previously rejected. The Michigan Federation of Teachers worried separate proposals would reduce and not replace school funding.<sup>83</sup> In the spring of 1972, the Michigan League of Women Voters urged legislators to place a referendum on the ballot to avoid “costly, time consuming, and—we are convinced—unsuccessful petition campaigns.”<sup>84</sup> The Michigan Federation of Teachers, however, thought the Michigan Education Association’s ballot initiative petition “may have relieved the pressure on the legislature to act.”<sup>85</sup>

The League of Women Voters of Michigan’s board worried that the signature drives “will cancel each other out” and the one most likely to fail “would be the one petition we most desire, the graduated income tax.”<sup>86</sup> The state league had supported the progressive state income tax since 1957, and as other taxes became more difficult to collect, lobbied for it all the more insistently.<sup>87</sup> By the fall of 1969, the League of Women Voters of Michigan had reached consensus that the state should have “major responsibility” for school funding with the “major portion” of funding sourced

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<sup>82</sup> “Face common threats: MFT-MEA bury hatchet for teacher unity,” *Detroit Teacher*, 31 (4), December 15, 1971, 1.

<sup>83</sup> The MFT president and “most of those who worked with the policy committee of the Democratic Party to develop the (BEST) proposal believed that two separate proposals would simply ensure that property tax reduction would be adopted, while the separate proposal to remove the ban on the graduated income tax would again fail to receive sufficient votes.” Henry B. Linne, “The President says...” Column, *Michigan Teacher*, April 1972, 2.

<sup>84</sup> League of Women Voters of Michigan, Press Release, April 10, 1972, Box 11, Issues, Taxation, Papers, 1972, LWV of Michigan.

<sup>85</sup> Henry B. Linne, “The President says...” Column, *Michigan Teacher*, April 1972, 2.

<sup>86</sup> State Board to Presidents re Constitutional Amendments on Taxation, April 7, 1972, Box 11, Issues, Taxation, Papers, 1972, LWV of Michigan. If two conflictual ballot proposals passed, the one with the larger share of votes would go into effect. Henry B. Linne, “The President says...” Column, *Michigan Teacher*, February 1972, 2.

<sup>87</sup> The State League Finance Committee recommended that Education Committee Members read the classics of 1960s Michigan school finance: the Thomas Study, and a report from a legislative committee on its recommendations, the Coleman report, a *Saturday Review* article by Coleman critic economist Henry Levin, Planning Programming Budgeting guidelines for education, and the MEA’s school finance primer. Marcia Pitcole to Education Committee Member, Summer 1969, Box 2, Folder Education—Finances; Distribution of Education Money 1965-1971, LWV of Detroit.

from the income tax.<sup>88</sup> Eventually, the state league rationalized that although the Michigan Education Association's progressive income tax proposal earmarked education funding in the constitution, a restriction on legislative prerogative leaguers abhorred, the proposal was more likely to pass with this "financial security blanket for schools."<sup>89</sup> The several-thousand member League of Women Voters of Michigan offered to collect 100,000 signatures—twenty-two per leaguer—for the Michigan Education Association's switch to a progressive income tax, the league's tax policy position.

The Michigan Education Association's 75,000 members easily cleared the state's signature threshold and placed separate proposals to cap the property tax and to permit a progressive income tax.<sup>90</sup> Each Michigan Education Association member collected an average of five signatures. The Michigan Education Association, initially allied with Milliken, split with the governor after the state legislature rejected the association's school finance framework. Republicans, who opposed taxing the rich at higher rates, refused to reverse the state's constitutional ban on tax rate graduation (the progressive income tax). Democrats, who worried the flat rate income tax would rise as high as seven percent if voters capped property taxes without permitting a progressive income tax, declined to endorse separate proposals.<sup>91</sup> The association made speakers, bumper stickers, and

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<sup>88</sup> 28 of 37 leagues in agreement on the latter. State T-E Committee to Presidents and T-E Chairmen re History of the Property Tax in Michigan, November 7, 1969; Gladys Corbin to Presidents and T-E Chairmen, October 14, 1969, Box 11, Folder Issues, Taxation, Papers, 1965-1970, LWV of Michigan. One-third of Detroit leaguers participating had come to their own unanimous consensus in 1962. State Board to Local League Presidents and State Item I Chairmen, Consensus Report Form on Statutory Aspects of Taxation, October 1, 1962, Box 2, Folder Detroit—Taxation, LWV of Detroit.

<sup>89</sup> Betty Seizinger to President and DOM Chairmen, August 25, 1972, Box 2, Folder Detroit—Taxation, LWV of Detroit.

<sup>90</sup> Michigan required 260,000 signatures. The League collected 422,272 signatures for a proposal to cap the property tax and 366,784 to permit a graduated, or progressive, income tax. Gene Caesar, Robert McKerr, and James Phelps, "New Equity in Michigan School Finance: The Story of the Bursley Act," published by the Senate Committee on Education, September 1, 1973; Terry Herndon, "Statement on Educational Tax Reform", March 23 1972, Property Tax Amendment 1972 Folder, Box 702, William G. Milliken Papers, BHL; "Questions and answers: Confusion is our foe", *Teacher's Voice*, October 16, 1972, 2.

<sup>91</sup> "It was a smashing success", *Teacher's Voice*, September 4, 1972, pg. 11. Marvin R. Stempin, "Differences in Democratic, MEA tax petitions," *Michigan Teacher*, June 1972, 2.

brochures available to all teachers and citizens who wanted to inform the public of the benefits of its proposals.<sup>92</sup> A voluntary assessment of four dollars per member paid for these materials and also for volunteers who collected signatures far from home, in addition to newspaper advertising and television spots.<sup>93</sup> The Michigan Education Association had prepared teachers for the funding fight, telling them school finances were as “important as your job” as the tax revolt spread to prosperous places like the college town of Ann Arbor.<sup>94</sup> The 1972 election was “the long-awaited showdown:” either Michigan would adopt statewide financing or accept local school taxes for the “long pull.”<sup>95</sup>

Through June, the Michigan Federation of Teachers urged each member to collect twenty signatures toward the federation’s pledge of 50,000 petition signatures for Better Education/Sound Taxation or BEST. Teachers could not “expect broad public support” unless they were “willing to lead the action.”<sup>96</sup> American Federation of Teachers locals and federations had influenced the Democratic Party to support one proposal to cap county, township and school taxes at 0.026 percent but allow both immediate and delayed votes for school enrichment funds; provide renter relief; ban the flat rate income tax; permit the graduated rate income tax; permit up to a 0.026 percent business property tax for education with a portion of revenue earmarked for vocational-technical education and compensatory programs; grandfather in a floor of 1969-72 school expenditures minus the immediate enrichment.<sup>97</sup> The complicated constitutional language

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<sup>92</sup> “Tax reform assistance available”, *Teacher’s Voice*, October 2, 1972, 12

<sup>93</sup> “Why?”, *Teacher’s Voice*, November 27, 1972, 7.

<sup>94</sup> “As Important As Your Job,” *Teacher’s Voice*, October 16, 1972, 4.

<sup>95</sup> “Make it or break it for schools,” *Teacher’s Voice*, September 18, 1972, 4.

<sup>96</sup> Henry Linne, “Get a petition signed,” *Michigan Teacher*, June 1972, 2.

<sup>97</sup> The DFT had begun seeding the ground: a Detroit teachers union vice president had chaired the Michigan Democratic Party Education Study Team that recommended shifting utilities and industrial property from local to state tax rolls, and allowing citizens to vote on a graduated income tax. John Elliott, “Union VP Maps Michigan Democratic School Policies,” *Detroit Teacher* 30 (1), September 28, 1970, 3. Earlier, the Michigan Federation of Teachers proposed a measure very close to Governor Milliken’s: a local property tax cap, a statewide property tax exempting residential and agricultural property, and removal of limits on the income tax. Thus, owners of industrial

included a detailed table of variable rates that lowered taxes for low-income families and eighty percent of all state taxpayers.<sup>98</sup> The BEST proposal failed to qualify for the ballot.

The success of a ballot initiative was about organizational priorities in addition to the merits of constitutional language. More voters may have signed the Michigan Education Association's rather than the Michigan Federation of Teachers' ballot measure(s) because voters were more interested in their property tax cuts than taxing the rich. Perhaps, though, union teachers were too overwhelmed to persuade voters on their own. The 19,200 of 20,000 Michigan Federation of Teachers members who lived in metropolitan Detroit were focused on the desegregation case and urban school fiscal crisis. Moreover, Detroit teachers' contract expired in July 1972.<sup>99</sup> Consensus-oriented leaguers did not support controversial tax measures, depriving the BEST proposal of an experienced and respected advocate for education funding in the campaign's crucial early days. The League of Women Voters of Michigan had initially supported the Michigan Federation of Teacher's and Democrat's proposal, but as signature gathering drives proliferated, the League refused to support any of the "competing and ever-changing" initiative petitions.<sup>100</sup> By the fall, DFT president Riordan admitted the Michigan Education Association's proposals were "the only way we've got."<sup>101</sup>

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and commercial property would bear the property tax burden. Proposed Constitutional Amendment Article 9, Section 6, December 3, 1971, Folder 5, Box 32, MFT Part III. <sup>97</sup> "MFT Ad board endorses Democratic amendment," *Michigan Teacher*, February 1972.

<sup>98</sup> Marvin R. Stempein, "Differences in Democratic, MEA tax petitions," *Michigan Teacher*, June 1972, 2.

<sup>99</sup> The one-year extension was effective September 1972. Mary Ellen Riordan to the editor of the Detroit News reprinted in *Michigan Teacher* xxxiii (2), October 1973, 3.

<sup>100</sup> Acknowledging the Democrats earmarked funds, restricted legislative taxing, and limited local school district levies against long-standing League policy positions, the State Board nevertheless decided that state assumption of more school finances paid for by a graduated state income tax "outweighed our objections." State Board to Presidents and DOM Chairmen re Proposed Property Tax Amendments, February 15, 1972, Box 2, Folder Education—Millage; Tax and Educ. Reform; Tuition Tax Credits 1972-1978, LWV of Detroit.

<sup>101</sup> Quoted in "Educators Back Election Issues," *Detroit Free Press*, October 26, 1972, 9C.

In the fall, leaguers actively campaigned for the Michigan Education Association's ballot measures, beginning with regional kick-off meetings in late September. Members of forty-three local leagues would "speak to civic groups, distribute fact sheets, appear on radio and TV programs, and coordinate their efforts" with property tax cap and progressive income tax proposal supporters.<sup>102</sup> However, campaign materials did not always have the intended effect. Voters were confused by the concept of marginal rates, and a tax schedule distributed during the campaign did not calculate effective rates for them; some middle-class taxpayers believed they would pay more under a graduated than flat rate income tax.<sup>103</sup> The state league's sample editorial was clearer: "In other words," ability to pay meant "when your income is reduced, so are your taxes."<sup>104</sup> Most importantly, the Michigan Education Association's progressive income tax proposal did not include a rate schedule.<sup>105</sup> Thus, voters could not see precisely how their taxes would change.

Alongside the Michigan Education Association, the League of Women Voters of Detroit ran a coalition of twenty-two organizations, Detroit Citizens for Tax Reform to campaign for the ballot proposals. From a rented room at the historic Belcrest Apartment Hotel across from Wayne State University, the Michigan Education Association paid for an office and staffers for the city-wide campaign.<sup>106</sup> However, the assigned Michigan Education Association staffers were male and unfamiliar with Detroit, and relied on League of Women Voters of Detroit leaders to introduce them to the region. The Detroit league's first vice president held meetings with the Detroit school district school tax point person, a press conference with the NAACP, and debated the ballot

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<sup>102</sup> League of Women Voters of Michigan Press Release, October 10 1972, Box 11, Issues, Taxation, Papers, 1972, LWV of Michigan.

<sup>103</sup> Yvonne Atkinson to Frances Hamburg, September 4, 1973, Box 11, Issues, Taxation, Papers, 1972-1974, LWV of Michigan.

<sup>104</sup> League of Women Voters of Michigan, Sample B Editorial, September 1972, Box 2, Folder Detroit—Taxation, LWV of Detroit.

<sup>105</sup> Marvin R. Stempein, "Differences in Democratic, MEA tax petitions," *Michigan Teacher*, June 1972, 2.

<sup>106</sup> Marcia Pitcole, Board Report, undated, Folder Education—Millage; Tax and Educ. Reform; Tuition Tax Credits 1972-1978, LWV of Detroit.

measures for hours on a popular local radio program.<sup>107</sup> Three weeks before the election, the Detroit league had distributed literature to leaders of block clubs and churches, and had contacted groups, politicians, and media for endorsements, securing support from the Michigan Federation of Teachers, Michigan Association of School Administrators, and the Detroit mayor.<sup>108</sup> “We knocked ourselves out down here in Detroit” the local league reported.<sup>109</sup> Indicating the weakness of the Detroit campaign, only fifteen leaguers made follow-up phone calls to 400 block clubs, and five members wrote letters to the editor in support of the ballot measures. Local leagues listed “workers” first when asked what tools they had needed and not received.<sup>110</sup>

Detroit organizers’ attention was divided between these statewide proposals and a local school tax. The state legislature authorized a special election for Detroit’s replacement 0.005 percent local school tax on November 7. The *Detroit Free Press* editorialized that “while fraught with some risks” for the property tax cap and progressive income tax measures on the same fall ballot it “was the only responsible thing to do.”<sup>111</sup> The Detroit school district conducted the fall local school tax election along similar lines as the spring election and promoted the statewide school finance reform measures.<sup>112</sup> Numerically, victory was perfectly feasible: district administrators calculated that the local school property tax would pass if each school board employee delivered ten votes.<sup>113</sup> Campaigners appealed to taxpayers by focusing “on the

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<sup>107</sup> Marcia Pitcole was also a member of the Metro Integration Committee. WXYZ Radio on October 18th on John Stupak’s program.

<sup>108</sup> Marcia Pitcole to Coalition Members of Detroit Citizens for Tax Reform, October 19, 1972, Box 2, Folder Detroit—Taxation, LWV of Detroit.

<sup>109</sup> Betty Seizinger to T & E Reform Campaign Chairmen and Presidents re Wrap-Up of Election Results and League Efforts, February 9, 1973, Box 2, Folder Education—Millage; Tax and Educ. Reform; Tuition Tax Credits 1972-1978, LWV of Detroit.

<sup>110</sup> Ibid.

<sup>111</sup> Editorial, “One More Try on the Millage,” *Detroit Free Press*, September 16, 1972.

<sup>112</sup> Charles J. Wolfe to Dr. John W. Porter, October 6, 1972, Box 5, Folder 12 Detroit Financial Crisis, Porter files.

<sup>113</sup> The Detroit school district superintendent solicited votes, persuasion, and volunteering from employees. Charles J. Wolfe to All School Employees, September 25, 1972, Box 5, Folder 12 Detroit Financial Crisis, Porter files. Finance Information Office to Regional Finance Information Coordinators re “NEWS FLASH—November 7 Millage Campaign,” October 5, 1972, Box 5, Folder 12 Detroit Financial Crisis, Porter files.

positive”—their love of and honest pride in the school system—while dispelling “any phony rumors or charges,” correcting any deficiencies or problems, and acknowledging teachers’ sacrifices in forgoing cost-of-living adjustments.<sup>114</sup> The script was complicated for volunteers and employees, but their messaging seemed to work: as the election approached, a poll by the conservative Detroit paper found nearly three in five voters supported state taxes for schools, and nearly half supported a graduated income tax.<sup>115</sup> These numbers flipped a month later when the actual vote took place.

Michigan voters soundly rejected the Michigan Education Association’s proposals: three in five voted no on the property tax cap and two in three voted no on the progressive income tax. Local school boards, which relied on the property tax to fund schools, were the chief antagonists of the property tax cap. Several local leagues thought that opposition by unions or the perception of benefits for business contributed to the defeat. Only the League of Women Voters of Detroit reported working with unions to pass the proposals.<sup>116</sup> The UAW, the AFL-CIO, and the Democratic Party supported the progressive income tax while sharply criticizing the property tax cap, which if it alone passed, would shift the tax burden to wage earners and consumers.<sup>117</sup> The Detroit Chamber of Commerce, the Michigan Farm Bureau and the Republican Party took the opposite position.<sup>118</sup> The progressive income tax did not pass in any league’s jurisdiction, where newspapers were the most common objectors.

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<sup>114</sup> Finance Information Office to Regional Finance Information Coordinators re “NEWS FLASH—November 7 Millage Campaign,” October 5, 1972, Box 5, Folder 12, Porter files. Connie Ernst and Harriette Scott to Detroit Organization Leader, Fall 1972, Box 5, Folder 12 Detroit Financial Crisis, Porter files.

<sup>115</sup> “Yea, nay on Proposals C, D,” *Teacher’s Voice*, October 2, 1972, pg. 12

<sup>116</sup> Seizinger, Wrap-Up of Election Results and League Efforts, February 9, 1973.

<sup>117</sup> Hain, “Michigan: Milliken v. Green: Breaking the Legislative Deadlock”; “What now?,” *Teacher’s Voice*, November 27, 1972, pg. 6. William Grant, “School Tax Revision Rejected,” *Detroit Free Press*, November 8, 1972, 1A

<sup>118</sup> State Board to T & E Reform Campaign Chairmen and Presidents re List of Organizations and Their Stand on Proposals C and D, October 13, 1972, Box 2, Folder Education—Millage; Tax and Educ. Reform; Tuition Tax Credits 1972-1978, LWV of Detroit.

The Michigan Education Association and the League of Women Voters of Michigan disagreed over the impact of Judge Roth's metropolitan desegregation order on the ballot measures' loss. The association cited voter confusion, selfishness, and distrust, to legislative partisanship and paralysis, and, finally, to "fear of loss of local control, of busing, and of more taxes."<sup>119</sup> When thirty-three of forty-three local leagues responded to the state league's survey, more than half those responding selected the top reasons for defeat as: "it would cost more money"; "people didn't understand them"; "it would lead to loss of local control." Next, local leagues referenced distrust of the legislature, and fear of granting it more power. Only three leagues listed voters' beliefs that the ballot measures "might lead to busing" or that "Detroit would benefit unfairly." Leaguers had tried to head off questions about busing during the ballot campaign: a sample Q & A separated the long-discussed "need for reducing our dependence on the property tax" from courts' decision to order and finance busing cross-district. Any metropolitan busing, the state league admitted, would probably be "paid for by the state through some sort of general tax levy."<sup>120</sup>

Voters likely believed centralized control of school finance would expand rather than limit the scope of busing. During the summer of 1972, Judge Roth's Desegregation Panel recommended that the state school board collect and distribute school tax dollars in the fifty-four desegregation area districts beginning with the 1973-74 fiscal year.<sup>121</sup> A Michigan Tax Control League, Inc. filed a lawsuit to keep allegedly incomplete property tax cap language off the ballot because voters might unknowingly vote to bus students around the region or consolidate school districts.<sup>122</sup>

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<sup>119</sup> "Why?", *Teacher's Voice*, November 27, 1972, pg. 7

<sup>120</sup> Question & Answer Column. Sample D, September 1972, Box 2, Folder Detroit—Taxation, LWV of Detroit.

<sup>121</sup> Mary Ellen Riordan and Aubrey McCutcheon were on the panel. Summary of Document Prepared by Desegregation Panel Appointed by Judge Roth, July 29, 1972, Governor Milliken Ed. Program Folder, Box 1, Mary Ellen Riordan Papers, Reuther

<sup>122</sup> Kenneth Frankland to Don Gordon, October 31 1972, Milliken v. Green Property Tax Lawsuit Folder, Box 702, William G. Milliken Papers, BHL



Governor Milliken's lawyer interpreted the suit as "an obvious attempt by antibusing groups to link the proposal with the Detroit School Case," *Bradley v. Milliken*, which if not given publicity "ought not to hurt the campaign." This lawyer reiterated the governor's strategic separation of busing and funding: "The last thing we need is to have the proposal linked to a busing plan in the Detroit metropolitan area." From the "thousands of letters" that were "pouring into (his) office," Milliken had known for more than a year that school financing and busing "though separate (were) being confused."<sup>123</sup>

School boards pressured Republican politicians with legal threats after the school finance ballot proposals lost. That fall, the Detroit school board received legal advice that Judge Roth's order made state officials as well as board members responsible for keeping Detroit schools open for the full 180 day school year. A day before the November 1972 election, the Detroit school board's business manager had written the state superintendent to "insist upon an advance payment of State Aid."<sup>124</sup> When the ballot measures failed, the Detroit school board's lawyers warned that state inaction could "be construed as a violation of" Judge Roth's order and "could bring further litigation" in the desegregation case.<sup>125</sup> After meeting with district leaders, the state superintendent reported to the governor that "Detroit officials indicated they were prepared to enter Federal Court to obtain an order directing the state to provide the necessary funds to operate the schools."<sup>126</sup> Perhaps school boards learned from teachers' intervention in *Bradley v. Milliken* that the only way to make education finance policy was through the courts.

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<sup>123</sup> Special Radio-TV Report on Education By Gov. William G. Milliken, November 3, 1971, Box 1, Folder Governor Milliken Ed. Program, Riordan papers.

<sup>124</sup> Harold R. Brown to Dr. John Porter, November 6, 1972, Box 5, Folder 11, Porter files.

<sup>125</sup> George T. Roumell, Jr. to Dr. Charles J. Wolfe, November 9, 1972, Box 5, Folder 11, Porter files.

<sup>126</sup> On November 10, the state treasurer, assistant attorney general and Detroit officials including the school board president, superintendent, business manager, and labor negotiator met with Porter. John W. Porter to The Honorable William G. Milliken re The Detroit Financial Crisis, November 13, 1972, Box 5, Folder 11, Porter files.

Michigan politics were national politics during the fall 1972 presidential campaign. U.S. representative William Ford of Detroit's western suburbs held hearings of the House General Subcommittee on Education on the National Education Association's proposal to fund one-third of school costs with federal funds.<sup>127</sup> Ford's working-class constituents supported funding but not busing. Ford proposed "to eliminate the need for busing" by providing equal and quality neighborhood schools during the subcommittee hearing, and also endorsed a constitutional busing ban.<sup>128</sup> President Nixon campaigned for re-election with a similar maneuver: merely investigate school finance reform while taking extreme measures to stop busing.<sup>129</sup> The day Nixon won resoundingly in November 1972, *Bradley v. Milliken* district court judge Roth had a heart attack while visiting his wife in the hospital. Anonymous callers threatened "I hope the bastard dies."<sup>130</sup> The judge's recovery and metropolitan integration's legality were temporary: Roth died days before the U. S. Supreme Court overturned the lower courts in the summer of 1974.

### **Decision by Task Force During the Urban School Fiscal Crisis**

Political paralysis set in after voters rejected Michigan's fall 1972 school finance ballot initiatives. The state superintendent refused to support Detroit's rescue package while the Detroit mayor refused to sign on to the state's endorsement of a non-voted local tax.<sup>131</sup> Seeking to break

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<sup>128</sup> Statement of James A. Hathaway, Chairman, Board of Education, Detroit, Mich., Accompanied by Charles Wolfe, Superintendent of Schools, United States Congress, House Committee on Education and Labor, *Financing of Elementary and Secondary Education: Hearings on H.R. 44, H.R. 128, H.R. 981, H.R. 1491, H.R. 6179, H.R. 6521, H.R. 7796, H.R. 12367, and Related Bills* (Washington: U.S. Government Printing Office, 1972), 6, 7, 9. Dimond, *Beyond Busing*.

<sup>129</sup> Lassiter, *The Silent Majority*.

<sup>130</sup> Anonymous quoted in Dimond, *Beyond Busing*, 89-90.

<sup>131</sup> Patrick A. McDonald to Dr. John Porter, January 2, 1973; John W. Dobbs to John W. Porter re Detroit School Crisis, January 19, 1973; John W. Porter to The Honorable Roman Gribbs, Mayor, December 13, 1972; John W. Porter to State Board of Education re Meeting with Mayor Gribbs, January 8, 1973, Box 5, Folder 14 Detroit Financial Crisis Part 1, Porter files. By the fall of 1972, the State Board of Education supported "full state funding of K-12 education" through the existing municipal overburden section in the annual State Aid Act, a new commitment to a "comprehensive educational program" in the State Aid Bill, and a state loan, in addition to non-voted local taxes for the crisis. John W. Porter to State Board of Education re State Board of Education Meeting with Detroit Board of

the impasse, the National Urban Coalition-backed New Detroit, Inc. sought out the Ford Foundation to create an umbrella organization that could hopefully create a consensus to move forward.<sup>132</sup> At the end of 1972, New Detroit, Inc. approached the Ford Motor Company for an introduction to the Ford Foundation's school finance program officer.<sup>133</sup> The Ford Foundation kept a "fund for Michigan" in case of situations like this, and had worked closely with New Detroit, Inc. co-chair Stanley Winkelman in the past. A Jewish businessman committed to Detroit, Winkelman owned a chain of women's clothing stores by the same name and had served on the school district's High School Study Commission.<sup>134</sup> For two and a half hours on December 14, 1972, Ford's school finance program officer found himself sitting in the Dearborn offices of a Ford executive where Winkelman handed him an ambitious proposal: half a million dollars for a respected, informed "agent" capable of evaluation and communication "in ways that will be heard, understood, and believed by all."<sup>135</sup>

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Education, November 20, 1972, November 20, 1972, Box 5, Folder 11, Porter files. John W. Porter to State Board of Education re Recommended Policy Regarding 1973-74 State School Aid, September 5, 1972; George Babich to John W. Porter, September 18, 1972, Box 5, Folder 12, Porter files. John W. Porter to The Honorable Gary Byker, January 26, 1973, Box 5, Folder 14 Detroit Financial Crisis Part 1, Porter files.

<sup>132</sup> New Detroit, Inc. was founded after the Detroit uprising of 1967 to increase cooperation between businesses and the city and partially funded with a Ford grant. New Detroit, Inc. first suggested a Detroit Education Task Force could resolve differences during the summer of 1972 and offered to raise money for the work. The public learned of the idea for a private committee from the Detroit superintendent's proposal to the central school board at its October meeting. New Detroit, Inc., Resolution on the Allocation of Resources to the Education Task Force, December 6, 1972, New Detroit Inc Correspondence 1, New Detroit, Inc., Ford Foundation records, RAC. Luvern L. Cunningham, The Education Task Force: A New Approach to Educational Problem Solving in Detroit, undated, Footnote 9 on 3, Correspondence 2, New Detroit, Inc., Ford Foundation records, RAC.

<sup>133</sup> Ford's Director of Corporate Affairs Planning Office scheduled the meeting. Robert A. Taub to James A. Kelly, December 5, 1972, New Detroit Inc Correspondence 1, New Detroit, Inc., Ford Foundation records, Rockefeller Archive Center (RAC).

<sup>134</sup> Biography of Stanley J. Winkelman, New Detroit Inc Correspondence 1, New Detroit, Inc., Ford Foundation records, RAC.

<sup>135</sup> A Proposal to the Ford Foundation on Behalf of the Detroit Education Task Force, New Detroit Inc Correspondence 1, New Detroit, Inc., Ford Foundation records, RAC. New Detroit, Inc. thought the community doubted the district's "ability to run the schools on a sound fiscal basis and do a competent job of educating our youngsters." Stanley J. Winkelman, Report to New Detroit, Inc: Detroit Education Task Force...An Overview Presented by Stanley J. Winkelman, May 1, 1975, New Detroit Inc Correspondence 3, New Detroit, Inc., Ford Foundation records, RAC.

The Ford Foundation aimed to bring social science to a blue-ribbon commissions that could build consensus. The Detroit Education Task Force director conceptualized the Task Force as a “third party,” a “creature” of the school board, but not its “captive.”<sup>136</sup> The work of a third party included “supporting the school system, legitimizing, linking, convening, holding a forum, exploring, idea generating, data gathering, learning, teaching, questioning, provoking, communicating, brokering, consulting, proxying.”<sup>137</sup> New Detroit, Inc., the city’s self-described “cynical” education reporter confidentially told the Ford Foundation, “served a useful purpose as a go-between between the new ‘grass roots’ board of education and the old blue-blood element in the community.”<sup>138</sup> Detroit school board members who came from “modest means” and were “dedicated but inexperienced” could not govern a broke school district on their own.<sup>139</sup> New York’s school finance commission advised Winkelman to house the Detroit Education Task Force outside the central district office.<sup>140</sup> District staff would support, but not lead. The Task Force (or commission or committee or panel)’s independence was protected by its “low profile work habits relative to the community” paired with private funding and review.<sup>141</sup>

Private funding preserved the Task Force’s independence from the school board that authorized it and the school district it served while exposing the public to the research movement

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<sup>136</sup> Cunningham, “Third Parties,” 2.

<sup>137</sup> The Detroit Education Task Force: A Brief and Partial Progress Report, August 1974, New Detroit Inc Correspondence 3, New Detroit, Inc., Ford Foundation records, RAC.

<sup>138</sup> Ford Foundation communications director Richard Magat’s summary of conversation with the *Detroit Free Press*’s William Grant quoted in Richard Magat to James Kelly, February 22, 1974, New Detroit Inc Correspondence 3, New Detroit, Inc., Ford Foundation records, RAC. Although Magat did not “fully agree” with Grant’s *Public Interest* piece on decentralization and integration in Detroit, he declared the reporter “one of the best education writers in the country.” Kelly wrote back to say he would “get in touch” with Grant on his next trip to Detroit. James A. Kelly to Richard Magat, March 5, 1974.

<sup>139</sup> Luvern L. Cunningham, Third Parties As Problem Solvers: A Case Report, presented to the David W. Minar Memorial Conference “Problems in the Politics and Governance of the Learning Community,” Northwestern University, November 1, 1974, 19, New Detroit Inc Cunningham Third Parties As Problem Solvers, New Detroit, Inc., Ford Foundation records, RAC.

<sup>140</sup> Education Task Force, Discussion Document, Concepts and Resources, March 1973, New Detroit Inc Correspondence 2, New Detroit, Inc., Ford Foundation records, RAC.

<sup>141</sup> *Ibid*, 9.

described in Ch. 2 “The Sentinels.” The Ford Foundation granted a third of the total cost, around \$400,000, until the Task Force closed in 1976.<sup>142</sup> The other major Task Force donor was the Citizens Research Council of Michigan, whose in-kind donations of staff time contributed another third of the budget, with local foundations and businesses making up the remainder. Nominally non-partisan, the Citizens Research Council (formerly the Detroit Bureau of Governmental Research) was led at the time by a vice president of the Reim and Earhart Foundations of Ann Arbor, then busy funding conservative economists and others opposed to government spending.<sup>143</sup> The Citizens Research Council of Michigan took a hard line on school finance: the Detroit district could “control its finances” and not “again slide into a situation that is so traumatic for so many” with “comprehensive budgeting and the will.”<sup>144</sup>

The Task Force’s priority was finance, and its power position was a seat on the Finance Committee. A who’s who of power brokers, the Finance Committee included the presidents of the city’s leading banks, state legislators, the Detroit mayor, a representative from the governor’s office, a labor-friendly city councilman, an officer of the Teamsters’ political action committee, DFT president Mary Ellen Riordan, the UAW vice president Doug Fraser, and the president of Chrysler, who also happened to be president of New Detroit, Inc., plus the school board appointed several homeowners activists to the Finance Committee.<sup>145</sup> To gain time, the Finance Committee

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<sup>142</sup> “Better Education for Detroit’s Children: Aims and Achievements of the Detroit Education Task Force,” January 30, 1974 report attached to memo from James A. Kelly to Harold Howe II, Edward Meade, Jr. et al, January 30, 1974; Lawrence P. Doss to James A. Kelly, April 30, 1976; James E. House to Dr. James Kelly, June 8, 1976, New Detroit Inc Correspondence 3, New Detroit, Inc., Ford Foundation records, RAC.

<sup>143</sup> Citizens Research Council president Robert E. Pickup was past president of the Governmental Research Association.

<sup>144</sup> Citizens Research Council of Michigan, Financial Problems in the Detroit School District, Stamped “Received Dept. of Treasury, Mar 1-1972, Municipal Finance Commission,” Box 5, Folder 12, Porter files.

<sup>145</sup> Education Task Force, DBE, Finance Committee, January 19, 1973, New Detroit Inc Correspondence 1, New Detroit, Inc., Ford Foundation records, RAC. C. Boyd Stockmeyer, president of Detroit Bank and Trust Company vice chairman. Members: Virginia Brown, Rep. William Copeland, Nelson Jack Edwards (UAW international vp), Charles T. Fisher (National Bank of Detroit), Mayor Roman S. Gribbs, William N. Hettiger (Milliken’s office), Paul A. McGowan, Patrick O’Hara, Senator Carl D. Purcell, Councilman Mel Ravitz, Mary Ellen Riordan, Rep. William

recommended a \$75 million loan from the state, to be repaid with a \$12 million advance from next school year's state aid and from the proceeds of a non-voted tax, either on city property or income, to be approved by the legislature. Writing to a Ford Foundation executive, Winkelman noted that after "a very interesting debate," the Education Task Force accepted the Finance Committee's recommendation by a vote of 34 to 8, with "homeowner group representatives mainly in opposition."<sup>146</sup> When the school board accepted the Detroit Education Task Force's recommendation days later, none of these homeowner activists also on the central board voted no.<sup>147</sup>

The composition of the Task Force, which would vote by majority rule on proposals for the school board to consider, was contentious. Initially, several homeowners association and antibusing activists like Carmen Roberts were listed as members with more added later.<sup>148</sup> They would never approach a majority on the fifty-seven-member Task Force. Other women were present—Polish homeowners, a Chicana activist, a Black nationalist—but for very different reasons, none was invested in funding the Detroit district as a whole. Ford was "aware of the public conflict likely to rage in Michigan during the next three to four months over the question of

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A. Ryan, Elizabeth Tindle (DBE), Lynn A. Townsend (President, Chrysler Corporation), Otto E. Wendel (Michigan Conference of Teamsters, DRIVE), Sen. Charles O. Zollar.

<sup>146</sup> Stanley J. Winkelman to Dr. Harold Howe II, February 14, 1973, New Detroit Inc Correspondence 1, New Detroit, Inc., Ford Foundation records, RAC. Cross-referencing lists in the archives of the League of Women Voters of Detroit and the Ford Foundation, I count 9 no votes from a committee that included as many as 57 members. Voting no were: Fred Andrews (NE Council of Home Owners Assoc.), William Copeland (Democratic state representative and former union rigger), Waldemar Cyranski (Central Citizens Committee, Polish Century Club), Paul McGown (Community Home Owners Association), Helen Moore (Black Parents for Quality Education), Patrick O'Hare (Northwest Home Owners Association), Carmen Roberts (Northeast Mothers' alert) and with no affiliation listed, Virginia Brown and Cass Wojcik. Harold Howe II to McGeorge Bundy via Howard R. Dressner, July 9, 1973, New Detroit Inc Ford Grant 1973, New Detroit, Inc., Ford Foundation records, RAC.

<sup>147</sup> William Grant, "School Board Asks for Tax Hike; 2.25 Mill Boost Sought," *Detroit Free Press*, February 14, 1973.

<sup>148</sup> If Northeast Mothers' Alert president Carmen Roberts initially leaned into her role, posing with a vacuum cleaner for a newspaper profile titled "Diary of a Glad Housewife," she later joined the workforce as a nurse and divorcee. "Diary of a Glad Housewife," *Detroit Free Press*, 1974. Other Paul A. McGowan, Alberta Martin, Cass Wojcik, Fred Andrews, Virginia Brown, Waldemar Cyranski, and Patrick O'Hare. Education Task Force to be considered at Detroit Board of Education Meeting, Oct. 10, 1972, New Detroit Inc Correspondence 1, New Detroit, Inc., Ford Foundation records, RAC.

additional state support of the Detroit public school” and warned that it “would not touch any activity of the Task Force that involved attempts to influence state legislation.”<sup>149</sup> More than influence legislation, the Task Force included several members of the state legislature who wrote legislation.<sup>150</sup> As leaguers, unionists, and Michigan Governor William Milliken knew all too well, it took more than a few state legislators to pass legislation, however.

The Task Force had to contend with one additional financial complication: governor Milliken’s lawsuit, *Milliken v. Green*, to make local school property taxes illegal. While Detroit and other school districts facing financial shortfalls had in the past borrowed in anticipation of future state aid, the *Milliken v. Green* lawsuit jeopardized district revenue, and banks refused to lend in anticipation of state aid advances.<sup>151</sup> If local property taxes were unconstitutional sources of school funding, the state could not lend against their collection to districts like Detroit. Fearing that taxpayers would refuse to pay, school boards would not be able to fund bonds, and that the state could not disburse aid, the attorney general had earlier declined to issue an opinion on *Serrano’s* effect on school property taxes.<sup>152</sup> After urging the Michigan Supreme Court to rush the *Milliken v. Green* trial, the governor amended his lawsuit to request a decision after July 1, 1972, thereby allowing the Detroit school board to borrow to keep schools open for the rest of the

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<sup>149</sup> James A. Kelly to Edward J. Meade, Jr. re School Finance/State of Michigan (New Detroit, Inc.), December 19, 1972, New Detroit Inc Correspondence 1, New Detroit, Inc., Ford Foundation records, RAC.

<sup>150</sup> Winkelman, Report to New Detroit, Inc.

<sup>151</sup> William Grant, “School Board Asks for Tax Hike; 2.25 Mill Boost Sought,” *Detroit Free Press*, February 14, 1973.

<sup>152</sup> “California property tax ruled unconstitutional,” *Michigan Teacher*, September 1971, 1. “Suit challenges property taxes,” *Michigan Teacher*, October 1971, 2.

fiscal year.<sup>153</sup> While this maneuvering kept the lights on in the short-term, the thin trial record threatened the district's long-term financial stability.<sup>154</sup>

In the waning days of 1972, the Michigan Supreme Court declared the state's school finance system unconstitutional. Methodically applying fundamental interest and suspect classification criteria to the equal protection and education clauses of the state constitution, four of the court's seven justices found there was no "compelling state interest" in local control based on wealth classification. The idea that poor districts could equal rich districts' spending was a "hoax."<sup>155</sup> As the governor had merely asked for a judgement not an order, the Michigan Supreme Court directed the legislature to equalize finances amongst districts, perhaps through perfecting the existing state aid formula or changing school district boundaries.<sup>156</sup> The MFT president observed the opinion threw "the problem back to the legislature with the gun of the Supreme Court aimed at its head and an invitation to any taxpayer to pull the trigger before the 1973-74 school taxes are levied."<sup>157</sup>

Before taxpayers could sue, legislators renewed talks on "the single most controversial question" that had dominated their sessions since 1969—school finance reform.<sup>158</sup> After the November property tax cut and graduated income tax ballot initiatives lost, state senator Gilbert Bursley contacted the governor and state superintendent, who sent their school finance advisors to

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<sup>153</sup> State superintendent John W. Porter arranged for Detroit to borrow against its June state aid payment for an "April cash crisis" and against next year's taxes to retire a \$38 million deficit. Presentation made by Detroit Public Schools at meeting with Legislators from the Detroit area on March 2, 1972, Box 5, Folder 11, Porter files. In a letter to Dr. Charles Wolfe on March 23, 1972, S

<sup>154</sup> Plaintiffs' attorney Elwood Hain argued the tight timeline prevented witness testimony.

<sup>155</sup> Justice Williams quoted in Hain, 58.

<sup>156</sup> Hain, 58. "Teachers will feel effects of high court decisions," *Michigan Teacher* xxxii (2), January 1973, 1.

<sup>157</sup> Henry Linne, "Issues of equal protection vs. local control are involved in school finance ruling," *Michigan Teacher* xxxii (2), January 1973, 4.

<sup>158</sup> Gene Caesar, Robert N. McKerr, James Phelps, "New Equity in Michigan School Finance: The Story of the Bursley Act," Michigan State Legislature, Senate Committee on Education, ERIC 005 664, 8-9.



draft a statute.<sup>159</sup> As Detroit's Education Task Force began to meet in the new year, Senator Bursley held public hearings across the state and introduced legislation that many feared would hurt big city school districts.<sup>160</sup> Bursley championed legal scholars John Coons' and Stephen Sugarman's formula to guarantee local school taxes yielded the same amount of revenue, regardless of the tax base, rather than Detroit labor leaders' egalitarian proposal to fund students' educational needs.<sup>161</sup> The Michigan Federation of Teachers determined that the thrust of Bursley's proposal was in the "opposite direction" of the federation's position.<sup>162</sup> The League of Women Voters of Detroit dismissed it as a "carrot and stick approach."<sup>163</sup> The state house of representatives failed to pass the full-state funding bill the labor movement preferred because the per pupil increase of \$203.72 and total budget increase of nearly \$444 million was "unattainable" in one year.<sup>164</sup> The Bursley Act, officially Public Act 101, increased state aid by \$121.2 million, or 10.9 percent when it passed during the summer of 1973.<sup>165</sup>

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<sup>159</sup> Gilbert E. Bursley, September 1, 1973 in Caesar, McKerr, Phelps, "New Equity," ii-iii. A Harvard Business School graduate, Army officer, and diplomat, Bursley returned home to the college town of Ann Arbor to get involved in Republican party politics. Bursley chaired the Michigan Senate Education Committee and vice chaired the National Council of State Legislators' Educational Task Force. When asked if money indicated educational quality since Detroit spent as much as some richer districts per pupil, Bursley dissembled about "so many variables involved in the educational process." Robert Hoexter, "Senator Gilbert Bursley, EMU Roles and Perspectives Interview, 1972" (1972). *Oral Histories*. 31.[https://commons.emich.edu/oral\\_histories/31](https://commons.emich.edu/oral_histories/31)

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<sup>161</sup> Bursley introduced the bill on February 3, 1973. Renamed "equal yield," Bursley's state aid formula established a principle of "equal return on equal effort." Caesar, McKerr, Phelps, "New Equity," 18. After the Thomas study was completed in 1968, the state school board had supported Coons' and Sugarman's formula in concept but raised doubts over the years. John W. Porter to The Honorable William Copeland, November 28, 1972, Box 5, Folder 12, Porter files.

<sup>162</sup> Henry Linne, "Teachers must watch bills which will affect them," *Michigan Teacher* xxxii (6), May 1973, 6.

<sup>163</sup> Fay O'Hare and Marcia Pitcole to editor, *Detroit News* and *Michigan Chronicle*, March 12, 1974, Box 2, Folder Detroit—Taxation, LWV of Detroit.

<sup>164</sup> Howard was active in the Michigan Association of School Administrators, which collected school finance data and wrote bills. In his dissertation, Howard cited *Private Wealth and Public Education* extensively. Harry Howard, "Impact of the Equal Quality Financial Plan on Public School Districts in Michigan" (Ed.D., Wayne State University, 1973), 59.

<sup>165</sup> After suburban representatives swung their support to senators' proposal, the legislature passed a lightly amended conference bill on August 14. Hain. \$41.5 million from earmarked sales, cigarette, and liquor taxes plus \$79.7 million allocated from the general fund. Appendix E, Caesar, McKerr, Phelps, "New Equity," vi.

The new state aid formula was too little too late to help Detroit. Days before teachers scheduled April 1, 1973 layoffs, the DFT paused its strike planning as financiers maneuvered for state-backed debt for school operations.<sup>166</sup> Bonds were easier to issue than taxes were to levy because Michigan's 1932 fifteen-mill property tax limitation exempted debt, and school boards could issue bonds for up to five percent of their district's adjusted property tax base without a vote.<sup>167</sup>

Days after the schools had been scheduled to close on March 15, 1973 the Detroit bankers on the Task Force met with their peers from the National Bank of Detroit, First Independence Bank of Detroit, Michigan Bank, Bank of the Commonwealth, City National Bank of Detroit, Detroit Bank & Trust, and Manufacturers National Bank of Detroit. The Citizens Research Council of Michigan hosted, a Task Force co-chair attended, and the bankers dictated. The prior fall, after "much conversation with the local banking institutions," the school board reported to the state superintendent that bankers had indicated that "unless we can secure the full faith and credit of the State of Michigan behind the loan, we will not receive a bid."<sup>168</sup> In the short-term, banks had been willing to loan the school board money to make payroll but their appetite for larger or longer-term loans shrank by the spring.<sup>169</sup>

Bankers again refused to buy city school bonds unless they were backed by the state of Michigan, for which they were willing to charge one-half to one percent less in interest. The Citizens Research Council reported the "consensus of the group" that two-tier borrowing with the

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<sup>166</sup> Dr. Shader reported to the State Board of Education that "a teacher strike had been averted" at the board's March 27, 1973 meeting. John W. Porter to File, April 2, 1973, Box 5, Folder 14 Detroit Financial Crisis Part 2, Porter files.

<sup>167</sup> Thus, rather than locating financialization earlier than the 1970s, I follow the historical legacy of limitation. State Board to T & E Reform Campaign Chairmen and Presidents re Questions and Answers Supplement I, October 13, 1972, Box 2, Folder Education—Millage; Tax and Educ. Reform; Tuition Tax Credits 1972-1978, LWV of Detroit. *The Michigan Voter*, October 1972, Box 2, Folder Detroit—Taxation, LWV of Detroit.

<sup>168</sup> Harold R. Brown to Dr. John Porter, November 6, 1972, Box 5, Folder 11, Porter files.

<sup>169</sup> \$250,000 in interest on \$22,000,000 in short term loans. John W. Porter to The Honorable William G. Milliken re The Detroit Financial Crisis, November 13, 1972, Box 5, Folder 11, Porter files.

state as borrower and lender could begin without “perfection of a long-term financing program.”<sup>170</sup> At the same time, Task Force staff met with bond ratings agencies Moody’s and Standard and Poor’s. While Detroit’s city and school bonds were rated Baa, the lowest investment grade, Moody’s threatened to downgrade the products of a school district sale, which could have a “snowballing” effect on the city and the state.<sup>171</sup> Although state bonds were rated Aa by Moody’s and AAA by Standard and Poor’s, the Task Force reported that “a downgrading of credit ratings in Detroit could also adversely affect investor confidence” in other state and local bonds.

The first two acts of the 1973 state legislative session permitted debt issuance to address the fiscal crisis. Public Act 1 allowed high-debt school districts like Detroit to issue bonds at a maximum interest rate of 6.5 percent while Public Act 2 restricted the rate at which the state treasurer could borrow to 6 percent. With repayment legalized pending a Michigan State Supreme Court opinion, the state loaned the Detroit Board of Education \$30 million from the treasury and \$30 million from the Department of Education.<sup>172</sup> The district paid the state back with 5 percent interest.<sup>173</sup> Before the state superintendent would advance the district money to finish out the school year, the Detroit Board of Education passed resolutions requesting the state consider two-tier borrowing under Public Act 2, and promising to “attempt to bond itself” in the absence of a such a loan.<sup>174</sup> Private banks, backed by a special non-voted tax on Detroit personal and corporate

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<sup>170</sup> Bob Pickup, Funding Detroit School District Deficit memo, March 20, 1973, Box 5, Folder 12, Porter files.

<sup>171</sup> See Destin Jenkins, *The Bonds of Inequality: Debt and the Making of the American City* (Chicago, IL: The University of Chicago Press, 2021) on how bankers managed this “contagion” in San Francisco. Memo to Finance Committee, Education Task Force re Recommendations on Method of Borrowing to Fund Accumulated Deficit, April 10, 1973 attached to Charles Wolfe to Dr. John W. Porter, April 27, 1973, Box 5, Folder 14, Porter files.

<sup>172</sup> The State Administrative Board approved an advance on state aid, up to a limit of one-quarter of aid anticipated for the next school year, or \$31 million for Detroit. John W. Porter to State Administrative Board re State Aid Advance for Detroit Public Schools, April 12, 1973, Box 5, Folder 14 Detroit Financial Crisis Part 2, Porter files.

<sup>173</sup> Attachment by Robert Pickup to Robert N. McKerr to John W. Porter re Detroit Financial Situation, September 12, 1973, Box 5, Folder 14 Part II, Porter files.

<sup>174</sup> Charles J. Wolfe to Dr. John Porter, April 24, 1973; Excerpt from Board of Education Meeting on April 24, 1973, Education Task Force Recommendations on Method of Borrowing to Fund Accumulated Deficit, Box 5, Folder 14, Porter files.

income permitted by the legislature, loaned \$14 million.<sup>175</sup> By the end of the summer, the school district had repaid the private loan but had to wait until the fall for the court's ruling to float bonds.

### **High Politics and Teacher Strikes for a Non-Voted City Income Tax**

**The school taxes of the most inland district in the American mid-continent are affected by the interplay of the locality with its wider economic setting; and also with the ebb and flow of influence among White and Black, European and African, Asian and American, and so on through the long inventory of civilizations, classes, and interests that figure in the coalitions of active politics.**

Harold D. Lasswell, "Technique of Decision Seminars," 1960, 222

Political scientist Harold Lasswell brought his technique to the inland school district of Detroit in the spring of 1973 but could not resolve conflict over race and unionism. By the fall of 1973, UAW members struck Chrysler over a speed up, and DFT members struck the school board over merit pay.<sup>176</sup> Educational administrators and politicians like auto companies had called for Taylorism "in the same manner that an automotive production machine is checked for pieces per hour."<sup>177</sup> In *Politics: Who Gets What, When, How*, Lasswell defined the field of his title as "the ability to make decisions allocating values to various groups and individuals in a society."<sup>178</sup>

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<sup>175</sup> Detroit Education Task Force, Press Release, January 11, 1974, New Detroit, Inc. Correspondence 2, New Detroit, Inc., Ford Foundation records, RAC.

<sup>176</sup> Accountability had become a slogan on the right to those "who simply want to hold down the cost of education" and on the left to those who wanted responsiveness to the community, and "political control and power also." "'Accountability' is a question of politics," *Michigan Teacher* xxxiii (2), November-December 1973, 1. The MFT proposed a "more meaningful term:" responsibility. Eleanor Norton, "Responsibility is the world!" *Michigan Teacher* xxxiii (2), October 1973, 3.

<sup>177</sup> Dr. John Merewether, "Who is accountable?" *Michigan Teacher* xxxii (7), September 1973, 6.

<sup>178</sup> Quoted in Smith, *Social Science in the Crucible*, 239. Some groups were better than others, and Lasswell determined to help the "middle-income skill group" come into power on its own and not in service of business. Quoted in Smith, *Social Science in the Crucible*, 240. However, Lasswell received grants and consulting contracts from foundations endowed by business fortunes, and retired as the Ford Foundation Professor of Law and Social Sciences at Yale Law School in 1969. An advocate of a "ruthless" income tax during the Great Depression, when Lasswell was passed over for a promotion at the University of Chicago, he settled for distributing rather than eliminating company and family fortunes as a recipient of Rockefeller Foundation grants and consultant to governments, the Committee for Economic Development, and the Ford Foundation. Quoted in Smith, *Social Science in the Crucible*, 241-2. See the festschrift published as *Politics, Personality, and Social Science in the Twentieth Century: Essays in Honor of Harold D. Lasswell*, ed. Arnold A. Rogow (United Kingdom: University of Chicago Press, 1969) on the CED.

Together, inside and outside politics secured enough revenue to keep the Detroit district solvent and to raise teachers' wages by eight percent even as tax resistance spread statewide and inflation made school money less valuable. Detroit teachers agreed to their first mandatory arbitration clause: for the length of their contract, a third party, not a strike, would settle disputes.

As perhaps the first enactment of the consensus politics the Detroit Education Task Force hoped to prefigure, the Task Force recruited staff from Michigan's college sports rival, The Ohio State University in March 1973. Describing himself as a "policy scientist" in the Lasswell mold, educator Vern Cunningham had been influenced by Lasswell since his graduate school days at the University of Oregon, where his dissertation on school board politics relied on Lasswell's *Power and Society*.<sup>179</sup> Teaching in Chicago and later in Columbus, OH, Cunningham saw cities through the eyes of the poor on brief tours and developed lasting relationships with Black community leaders.<sup>180</sup> As Dean of The Ohio State University School of Education, Cunningham gained a reputation for engaging antiwar protesters and Black power advocates, defusing tensions that led to violence at other campuses like nearby Kent State. Cunningham promoted a Black educator to full professor in response to student demands, and took "lily white students into Cleveland," earning the nickname "Red Dean."<sup>181</sup> Approached by Winkelman about the job of Task Force

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<sup>179</sup> Raised on a Nebraska farm, Cunningham learned about cities as a professor at the University of Chicago. The Ford Foundation had funded Stanford's Center for Advanced Behavioral Sciences, to which Hans Speir recruited Lasswell, and where Cunningham was the first educational administrator to visit as a scholar. Luvern L. Cunningham, "Applying Lasswell's Concepts in Field Situations: Diagnostic and Prescriptive Values." *Educational Administration Quarterly* 17, no. 2 (1981): 21, Footnote 2, 41.

<sup>180</sup> Cunningham's institutional base from 1958 to 1967, the University of Chicago and its various education arms had a complicated relationship with neighborhood public school schools, as Todd-Breland shows in *A Political Education*. Cunningham, who had moved his family to the suburbs after a South Side neighbor was shot, stayed on as assistant director of the university's Midwest Administration Center, which ran institutes like that on Arthur Wise's doctoral research for school finance reform. Working at a school with a Ford Foundation School Improvement Grant, Cunningham described himself as "right in the thick of" these urban problems. Luvern Cunningham, Interview by Robert Butche. *Ohio State University Oral History Program* (August 7 2001), 18.

<sup>181</sup> Cunningham Interview, 50.

Executive Director, Cunningham interviewed by mediating a heated community meeting in Detroit, and was hired.

Acting as a “social psychiatrist,” Lasswell ran decision seminars combining defense intellectual Hans Speir’s war games, psychoanalyst Sigmund Freud’s free association (“brainstorming”), and diplomat Paul Reinsch’s role-playing.<sup>182</sup> Before decisions, there were pre-decisions: faculty in Columbus, OH held a “pre-decision seminar” to inform decisions about Detroit educational finance and other issues.<sup>183</sup> Lasswell’s problem-solving technique included processes to set goals, implement decisions, model social processes, and evaluate institutional values.<sup>184</sup> Listening from the back of a seminar room segmented into eight values—power, enlightenment, wealth, well-being, skill, affection, respect, rectitude—and hung with microphones and charts, Lasswell “would just in a few paragraphs lay it all out and things that were muddled would become clear.”<sup>185</sup> While Lasswell played “social psychiatrist,” Task Force director Cunningham facilitated participation, shuttling between Michigan and Ohio in the university plane or, with graduate students on board, in an “unhealthy, unsafe old VW wagon.” The Detroit superintendent visited the Columbus pre-decision seminar and brought back data displays and a

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<sup>182</sup> Harold D. Lasswell, "Technique of Decision Seminars." *Midwest Journal of Political Science* 4, no. 3 (1960): 213-36.

<sup>183</sup> *Ibid.*

<sup>184</sup> Lasswell trained as an undergraduate in economics and as a graduate student in political science at the University of Chicago. In his early academic work on political psychology, propaganda, and violence, Lasswell considered social scientists to be “social psychiatrists” who prevented conflict by liberating individuals from irrational behavior and manipulating group emotion with myth. Intellectual historian Mark Smith places Lasswell in the purposive school of social scientists who advocated “preconceived goals and ends.” Political theorists challenged the pluralism that underlay Lasswell’s work: politics was about conflict rather than consensus between groups. These two conceptions of power reflected a debate in political science over pluralism. E. E. Schattschneider, *The Semisovereign People: A Realist's View of Democracy in America* (New York: Holt, 1960). Mark C. Smith, *Social Science in the Crucible: The American Debate over Objectivity and Purpose, 1918-1941* (Durham, NC: Duke University Press, 1994), 5. In Schattschneider’s framework, Lasswell and the Ford Foundation limited the scope of school budget conflict by privatizing discussion. By contrast, teachers socialized claims on state resources.

<sup>185</sup> Cunningham Interview, 14.

facilitator to a Detroit decision seminar with “key school administrators” like regional superintendents.<sup>186</sup>

Detroit’s was the most successful application of Lasswell’s decision seminar, which Cunningham ran in a variety of Ohio contexts in addition to the San Francisco and St. Louis school districts.<sup>187</sup> Whereas businessmen in San Francisco micromanaged Cunningham and insisted on school progress through “hard headed business practice,” in Detroit, businessmen brought the urgency of missionaries or soldiers “down in the trenches...to save the lives of these kids.”<sup>188</sup> Nonetheless, Cunningham observed “social and racial distance” in Detroit, where neighborhood leaders brought “a little brown bag with a sandwich” to their lunch meetings with “racist business leaders” at the city’s finest hotel.<sup>189</sup> Still, Ford officers believed Detroit Education Task Force leaders had “an impressive story” to tell and were “pleased to have had some part in your continuing adventures.”<sup>190</sup> However, Ford’s school finance program officer thought other civic leaders’ attitudes towards a public schools task force would be “Let’em sink in their own mire, we don’t want to touch them.”<sup>191</sup>

The Detroit Education Task Force could not resolve conflict over race, unionism, and accountability. Cunningham reported on “major problems” that were “so involved and apparently non-solvable” they had been avoided: “One is segregation; the other is collective bargaining and

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<sup>186</sup> Cunningham, “Applying Lasswell’s Concepts,” 25.

<sup>187</sup> Previously, delegations from Kansas City in addition to these two cities had visited with the Task Force. Vern Cunningham to James Kelly, December 30, 1974, New Detroit, Inc. Correspondence 3, New Detroit, Inc., Ford Foundation records, RAC.

<sup>188</sup> Comparing Detroit to San Francisco, where California Commissioner of Education Wilson Riles recruited him to a similar city schools commission, Cunningham found the “approach and conviction and feelings were starkly different.”

<sup>189</sup> Cunningham Interview, 57-8.

<sup>190</sup> James A. Kelly to Vern, February 21, 1974, New Detroit, Inc. Correspondence 3, New Detroit, Inc., Ford Foundation records, RAC.

<sup>191</sup> Remarks by Dr. James Kelly, Luncheon at the Standard Club, June 10, 1975, New Detroit, Inc. Correspondence 3, New Detroit, Inc., Ford Foundation records, RAC.

its implications for learning.”<sup>192</sup> Elsewhere, Cunningham wrote that these issues were “so emotionally charged” that Task Force members could not even discuss them, let alone propose solutions.<sup>193</sup> Cunningham supported school desegregation throughout his career, and was appointed special master commissioner in the Columbus desegregation case in 1977, but surely struggled to persuade Task Force members. The Michigan Federation of Teachers president observed that the “Detroit desegregation case and accountability had had ‘a paralytic effect’ on organizations.”<sup>194</sup>

Union teachers contended with education administrators like Cunningham “for school system control.”<sup>195</sup> Observing the “aggressive” and “powerful” DFT, the bemused Task Force director reported that “teachers in Detroit take their cues from ‘Mary Ellen’ seemingly even more than from the superintendent, regional administrators, or principals.”<sup>196</sup> Mary Ellen Riordan, described by everyone who knew her as a “fighter,” was the first female teacher union president to sign a labor contract. Cunningham attracted Detroit teachers’ ridicule with a job description for educational leaders from outside education who were a “cross between the first Henry Ford, Plato and Martin Luther King, Jr.—a manager who gets things done, a thinker to who no intellectual realm is unattractive, a human being whose involvement with his fellow men is both goal and reward.”<sup>197</sup> The DFT snapped: “get out of the classroom where the work is and the money ain’t.”

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<sup>192</sup> Luvern L. Cunningham, *The Education Task Force: A New Approach to Educational Problem Solving in Detroit*, undated, 23, New Detroit, Inc. Correspondence 2, New Detroit, Inc., Ford Foundation records, RAC.

<sup>193</sup> Cunningham, “Third Parties,” Footnote 10, 46.

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<sup>195</sup> Cunningham, “Third Parties,” 15.

<sup>196</sup> Luvern L. Cunningham, *The Education Task Force: A New Approach to Educational Problem Solving in Detroit*, undated, New Detroit Inc Correspondence 2, New Detroit, Inc., Ford Foundation records, RAC.

<sup>197</sup> Cunningham founded the National Program for Education Leadership based at The Ohio State University. Harold Howe II to McGeorge Bundy via Howard R. Dressner, July 9, 1973, 8, New Detroit Inc Ford Grant 1973, New Detroit, Inc., Ford Foundation records, RAC. “Instant Utopia—,” *Detroit Teacher*, 30 (14), June 7, 1971, 2.



School boards strategically used issues like evaluation and hired paraprofessionals as employees to hold the line on teachers' wages.<sup>198</sup> The Detroit school district's labor negotiator intended to use new evaluation Form 4046 for merit pay.<sup>199</sup> Teachers thought merit pay was about getting them "back under control" and attempted to protect their contractual salary schedule for satisfactory teachers.<sup>200</sup> Detroit's superintendent, a former DFT member, could not stop performance evaluations when Black school district administrators and conservative school board members joined causes.<sup>201</sup> After all the teachers' union had done to keep the district solvent—for example, postponing contract negotiations and delaying raises—DFT members would not

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<sup>198</sup> Henry Linne, "Boards use non-economic issues to get lower wage settlements," *Michigan Teacher* xxxii (7), September 1973, 6. Henry Linne, "The battle is ended—but the war goes on!" *Michigan Teacher* xxxiii (2), October 1973, 2. The Michigan Federation of Teachers president believed layoffs were intended "to establish a very tough bargaining situation" and make teachers strike. Henry Linne, "The President Says" Column, *Michigan Teacher*, May 1971, 3. For years, teachers had also monitored legislative attempts to repeal the 1937 Teachers Tenure Act. Malcolm Wright, "Teachers must join forces against growing attacks," *Michigan Teacher*, December 1971, 1.

<sup>199</sup> Mary Ellen Riordan to Dr. Norman Drachler, October 13, 1970. Earlier, the DFT had threatened an "open war" against the district's evaluation form 4046, cutting the form during rounds of comments and tests until it came in at only a single page with five categories and five rankings. When the district began to distribute the form during the winter of 1971, the DFT urged principals to mark all teachers satisfactory and teachers to refuse to sign their evaluations. The DFT asked the court to impound completed evaluations while the Michigan Employment Relations Commission determined whether the form was an unfair labor practice. The DFT's lawyer was "not optimistic" that the form or ratings violated the current contract until the Board used them to set salaries. However, as 1971 contract negotiations were underway, the lawyers suggested the union simply stall Form 4046 in the present to prohibit its use under the stronger language teachers hoped to write into their next contract. Mary Ellen Riordan to Dr. Norman Drachler, October 13, 1970. The simple one-page form included five categories (Professional Skills and Performance; Interpersonal Relationships; Personal Qualities; School and Community Service; Overall Effectiveness in Promoting Learning) and five rates (NA, marginal, satisfactory, good, outstanding). Attached notes indicated school and community service included: "workshops, university classes, committees, offices in professional organizations, participation with the community to enhance school program, etc." By contrast the union's long and sensitive self-evaluation included open-ended questions like "Did I try to understand the nature of the problem without attacking some person?" and "Have I been honest in this evaluation?" The union argued principals could "get rid of" unsatisfactory teachers through existing contract provisions. "Performance Appraisal for Continuing Tenure Teachers, Box 23, Folder 11 DFT Local 231 v. DB of Edu (3 of 5), AFT Local 231: Detroit Federation of Teachers Records, Reuther, (DFT records). Proposed Next Steps in War Against Form 4046, Box 23, Folder 11 DFT Local 231 v. DB of Edu (3 of 5), DFT records. Theodore Sachs to Mary Ellen Riordan re Merit rating procedures—Form 4046, January 27, 1971, Box 23, Folder 11 DFT Local 231 v. DB of Edu (3 of 5), DFT records. Union Opts For Good Teachers," *Detroit Teacher* 30 (9), February 22, 1971, 2.

<sup>200</sup> "Union Launches Bid to Bury Merit Plan," *Detroit Teacher* 30 (9), February 22, 1971, 1. In the *Detroit Teacher*'s "Our Readers Write" column one correspondent charged that administrators used ratings as a "spoils system." L. G. to the Editor, "Our Readers Write" Column, *Detroit Teacher* 30 (9), February 22, 1971, 6.

<sup>201</sup> The Office of Personnel implemented recommendations 20 and 21 from the 1968 High School Study Commission report to appraise performance and report results. Office of Personnel to Region Superintendents, Principals, Assistants, Department Heads, Teachers re Teacher Performance Appraisal Form, excerpted from Principals' Notes, January 8, 1970, Box 23, Folder 11 DFT Local 231 v. DB of Edu (3 of 5), DFT records.

compromise on accountability or tolerate another round of layoff notices.<sup>202</sup> Teachers' statewide education organizations had long urged coordinated bargaining against school boards that colluded with each other to shift classroom teaching from full-time teachers to "less costly paraprofessionals."<sup>203</sup> Fired full-time teachers resented competition from casual workers, who were often Black in cities like Detroit.

Detroit teachers who struck for forty-three days beginning on Labor Day, 1973 defied a court injunction half that time, and struggled to maintain community support.<sup>204</sup> Walking out together with comrades across the metropolitan region, teachers in more than thirty unions struck, and in four unions, defied injunctions; Detroit labor militancy was spreading.<sup>205</sup> Union members struggled to be flexible in conversations about race during rigid collective bargaining negotiations: in a school district adjoining Detroit, Black parents locked teachers in. However, lawsuits to defend strikes risked restrictive decisions in the appellate court.<sup>206</sup> Michigan Federation of Teachers members would "have to talk to our brothers and sisters, and work, and talk, and work harder" to resolve the federation's own position before they could "talk more forcefully with our

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<sup>202</sup> Teachers also aimed to recover the raises they delayed, first for Nixon's 1971 wage freeze, then to help the Detroit school board balance its budget. Shelton, *Teacher Strike!*

<sup>203</sup> The "Council of 28" Oakland County school boards was the most prominent such coalition. At the start of the 1970s, schools across the state and also hired large numbers of administrators. John Ort, Remarks to meeting of MEA, MFT local leaders in Wayne, Oakland, Macomb counties, November 11, 1971, *Michigan Teacher*, December 1971, 3.

<sup>204</sup> Shelton. "The crisis is not over!" *Michigan Teacher* xxxiii (2), October 1973, 1.

<sup>205</sup> Four of eight unions that received injunctions to return to work defied the courts. After Highland Park parents locked striking teachers in the district office for three days, the MFT's lawyer had negotiations moved to neutral territory: the Michigan Employment Relations Commission. Mark H. Cousens, "The defense of strikes—1973," *Michigan Teacher* xxxiii (2), October 1973, 6. Teacher unions in Black communities like Highland Park needed to "face squarely some of the complexities of racism in ghetto schools and begin to organize themselves to deal positively with them."

<sup>206</sup> Mark H. Cousens, "The defense of strikes—1973," *Michigan Teacher* xxxiii (2), October 1973, 6.

neighbors and legislators.”<sup>207</sup> Some Black teachers worried that now that teachers had recognized unions, there were no “white bad guys in control” to villainize.<sup>208</sup>

By then, Detroit teachers successfully negotiated with civic leaders as well as district educational administrators and school board members. AFL-CIO and UAW leaders, the Detroit mayor, and representatives from New Detroit, Inc. in addition to the Detroit Education Task Force helped settle Detroit teachers’ contract through private arbitration. Considering this group a “third party,” Cunningham wrote that its leadership nonetheless “came from private sector labor professionals.”<sup>209</sup> No foundation-funded third party intervened in the 29 other struck school districts, where wage increases were lower than in Detroit: the DFT settled a contract with more generous raises (eight percent) than school boards (three percent), the average Michigan Federation of Teachers-represented district (more than three percent), or cost-of-living increases (just above six percent) dictated.<sup>210</sup>

To pay for Detroit teachers’ new contract, the state conditioned emergency loans on accountability. The Task Force submitted a “plan for a plan” to the state school board that vaguely “aimed at dissolving controversy about this concept and refocusing it on enlisting the positive

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<sup>207</sup> When they did, as in Ford Motor Company’s segregated company town of Inkster, <the result was creative and effective action>: white and Black teachers together came down with the “green flu,” striking just enough schools to maintain the required count day attendance for state aid after the school board withheld teachers’ salaries. Tommie L. Summerville, Local of the month: Inkster F. T. 1068 is a gutsy little local!” *Michigan Teacher* xxxiii (2), November-December 1973, 4.

<sup>208</sup> Vivian Ross, “Parent-teacher strike hostility reveals the need for an affirmative teachers’ union program,” *Michigan Teacher* xxxiii (2), November-December 1973, 2.

<sup>209</sup> Luvern L. Cunningham, Third Parties As Problem Solvers: A Case Report, presented to the David W. Minar Memorial Conference “Problems in the Politics and Governance of the Learning Community,” Northwestern University, November 1, 1974, 32, New Detroit Inc Cunningham Third Parties As Problem Solvers, New Detroit, Inc., Ford Foundation records, RAC.

<sup>210</sup> While the historian of education Jeffrey Mirel wrote that the State Mediation board decided to raise teachers’ salaries eight percent, my reading of primary sources indicates that UAW leaders wrote a compensation package for the teachers union they had financially backed as recently as five years prior, and had the administrative state present it to the school board. Mirel, *The Rise and Fall of an Urban School System*, 1992.

contributions of all elements in the school community.”<sup>211</sup> The state superintendent had steps in mind, including performance objectives, state testing on those objectives, and reorganization of educational delivery systems, but first had to conduct a study and report back.<sup>212</sup> Task Force director Cunningham solicited a proposal from a joint university Institute of Labor Relations after Detroit teachers’ victory over performance evaluation Form 4046. The sly response was suited to the Task Force model: establish a five-person committee including DFT president Mary Ellen Riordan and the district’s labor negotiator Aubrey McCutcheon to “make sure there are no school strikes in Detroit next year.”<sup>213</sup> A committee of a sort had helped settle the 1973 strike.

During the fall 1973 teacher strikes, the Detroit Education Task Force urged elected leaders to speed up the Michigan Supreme Court’s long-awaited ruling on the constitutionality of the legislature’s spring borrowing bills. A delegation including the state treasurer, the Citizens Research Council president, the Task Force’s co-chair, and Detroit Public School superintendent had visited the state superintendent’s office on September 12, eight days after the start of the strike.<sup>214</sup> Cunningham reported that state leaders spent three hours deciding how to approach the court.<sup>215</sup> The state treasurer suggested that the state superintendent and the Citizens Research Council send him a statement, which the officers could raise at their September 18 meeting with the governor “in order to focus public attention on this problem.” In a remarkable letter to the Michigan Supreme Court, the governor and his cabinet gamed out funding timelines based on

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<sup>211</sup> “Better Education for Detroit’s Children,” 4. Detroit Education Task Force, Press Release, January 11, 1974, New Detroit, Inc. Correspondence 3, New Detroit, Inc., Ford Foundation records, RAC.

<sup>212</sup> Henry Linne, “Here’s why teachers reject ‘accountability’ scheme,” *Michigan Teacher* xxxiii (2), November-December 1973, 3.

<sup>213</sup> Ron Haughton quoted in Luvern L. Cunningham to the Steering Committee re A new approach to the problems of collective bargaining, January 18, 1974, New Detroit, Inc. Correspondence 2, New Detroit, Inc., Ford Foundation records, RAC.

<sup>214</sup> Robert N. McKerr to John W. Porter re Detroit Financial Situation, September 12, 1973, Box 5, Folder 14 Part II, Porter files.

<sup>215</sup> Cunningham, “Third Parties.”

possible rulings, giving the court a deadline to decide by October or early November if one or both acts were unconstitutional.<sup>216</sup> Ten days after sending the letter, Milliken et al. received a court decision on October 17.<sup>217</sup>

The Michigan Supreme Court issued its advisory opinion on state debt and non-voted taxes for schools on the same day that Detroit teachers called off their strike. Six justices in the majority ruled that the legislature’s “special fund” for repayment of Detroit debt, although it did not extend the state’s full faith and credit or access to general tax revenues, was unconstitutional. Recognizing precedents—“The camel having gotten its nose under the tent for revenue bonds, and this having been extended to users’ privilege tax bonds”—the court nonetheless determined that the people must vote to remove “limitation on state borrowing.”<sup>218</sup> With one justice dissenting, the Supreme Court upheld the legislature’s provision for non-voted taxes to repay bonds so long as the total levy was under the 1932 fifteen-mill property tax limitation.

The Task Force went back to private bankers to sell public bonds, arranging what financiers call a beauty pageant for the Detroit school issuance. Ratings agencies Moody’s and Standard and Poor’s were invited to a luncheon at a private downtown club with the “power structure of the business, educational, and financial communities.”<sup>219</sup> The presence of the president of the Chrysler Corporation, the city’s largest employer, was particularly reassuring to investors.<sup>220</sup> The luncheon led to a higher bond rating and a lower interest rate, convincing several insurance

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<sup>216</sup> The State Administrative Board included the governor, lieutenant governor, secretary of state, attorney general, treasurer, superintendent of public instruction. Glenn S. Allen, Jr. for the State Administrative Board to the Honorable Thomas M. Kavanagh, undated, Box 5, Folder 14 Part II, Porter files.

<sup>217</sup> The Supreme Court, Advisory Opinion—PA 1 & 2 Detroit School Money, October 17, 1973, Box 5, Folder 14 Part II, Porter files.

<sup>218</sup> The Supreme Court, Advisory Opinion—PA 1 & 2 Detroit School Money, October 17, 1973, 2, Box 5, Folder 14 Part II, Porter files.

<sup>219</sup> *Ibid.*, 26.

<sup>220</sup> James E. House, “Urban Educational Problems: Whose Responsibility?” *Educational Leadership*, April 1975, 437-440.

companies inside and outside Detroit to buy “deficit bonds” and saving taxpayers millions of dollars in financing costs. The Task Force installed a finance director to prepare and manage the school district’s budget, which was balanced for the 1972-1973 and 1973-1974 school years per the state’s emergency relief legislation.<sup>221</sup> However, raising revenue, more than spending it, would continue to be the major problem.

At the end of 1973, Michigan lost its legal precedent against local school property taxes. The “property-rich” school district defendants in *Milliken v. Green* had asked the Michigan Supreme Court to rehear the case.<sup>222</sup> With two new members since its last decision, the court voted four-to-three to review new briefs but declined to hear new oral arguments. The combination of Bursley’s legislation to partially equalize localities’ school revenue raising ability with the U. S. Supreme Court’s *Rodriguez v. San Antonio Intermediate School District* ruling persuaded the Michigan Supreme Court to vacate its *Milliken v. Green* ruling.<sup>223</sup> The state’s equal protection clause required sufficient, not equal, funding for an adequate education.

In denying the constitutionality of state assumption of school debt, the court eliminated the last avenue for full-state funding. There was still hope for labor’s other finance priority: income taxes. The school board income tax was modeled on the city income tax, which generated more than three-quarters of its revenue from resident individuals, with the remainder split between non-resident individuals and corporations, which paid the least.<sup>224</sup> From 1970 to 1972, Detroit taxed

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<sup>221</sup> Luvern L. Cunningham memo to Persons interested in the Education Task Force, December 1973, New Detroit, Inc. Correspondence 3, New Detroit, Inc., Ford Foundation records, RAC.

<sup>222</sup> Bloomfield Hills, Dearborn, and Grosse Pointe. “School problems vex courts and legislature: Everything is back in court” *Michigan Teacher* xxxii (3), February 1973, 1.

<sup>223</sup> “MEA school aid push under way”, *Teacher’s Voice*, February 5, 1973, pg. 3. Elwood Hain, “Michigan: *Milliken v. Green*: Breaking the Legislative Deadlock,” *Law and Contemporary Problems* (38) 3: Winter-Spring 1974, 350-365.

<sup>224</sup> R. L. Quellar to Messrs. Caesar et al. re Yield of an Income Tax in the Detroit School District in 1971-72, Box 5, Folder 14 Detroit Financial Crisis Part 1, Porter files.

utilities at five percent.<sup>225</sup> Banks and pensions were exempt from the income tax. While the Board was authorized to levy a non-voted tax on individual and corporate income, voters demanded to share costs with property-owning businesses, and replaced the income tax with a 0.007 percent property tax.<sup>226</sup> League Women Voters of Detroit leaders wrote letters to the editors of the *Detroit News* and *Michigan Chronicle* noting that since business “contributes about half of the local property tax revenue” millage was the “better way to finance schools right now.”<sup>227</sup> The school board imposed a 0.0225 percent property tax from 1974 to 1979.<sup>228</sup> The longest school tax campaign yet yielded less than the district asked for, and only under threat of an income tax.<sup>229</sup>

## Conclusion

In the 1970s, antidemocratic taxing and spending crossed party ideological lines. Voters rejected routine local school taxes, and their elected legislative representatives failed to compromise. The administrative state—in local school boards as well as the governor’s office—issued plan after plan, accepting help from private foundations, researchers, and companies to convene interested parties. Appointed state and federal judges decided time-sensitive financial issues based on the influence of bankers and teachers, in addition to statutory and constitutional interpretation. However, Michigan’s temporary non-voted local school tax provoked a lasting conservative reaction. Tax limiters had to eliminate public sector unions’ ability to exert political

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<sup>225</sup> League of Women Voters of Michigan, Taxation—History of League Position, March 1971, Box 11, Folder < 1972, LWV of Michigan.

<sup>226</sup> Detroit Education Task Force, Press Release, January 11, 1974, New Detroit, Inc. Correspondence 3, New Detroit, Inc., Ford Foundation records, RAC.

<sup>227</sup> Fay O’Hare and Marcia Pitcole to editor, *Detroit News* and *Michigan Chronicle*, March 12, 1974, Box 2, Folder Education—Millage; Tax and Educ. Reform; Tuition Tax Credits 1972-1978, LWV of Detroit.

<sup>228</sup> Citizens Research Council of Michigan, Report No. 297.

<sup>229</sup> While the Detroit Board of Education did not levy an income tax, the state’s revised school code of 1976 maintained the school board’s authority to do so. Citizens Research Council of Michigan, “A History of the Relationship Between the Detroit Board of Education and the City of Detroit,” Report No. 297, July 1990, <https://cremich.org/PUBLICAT/1990s/1990/rpt297.pdf>

pressure when labor refused to bear the burden of the fiscal crisis. In California, where the labor movement was weaker than in Michigan, and where a sitting governor cut government from within, new constitutional restrictions on taxing and spending developed more quickly, as Chs. 5 and 6 describe.

Back in Michigan, the Ford Motor Company received requests for funding from a very different group of concerned citizens than the businessmen who led New Detroit, Inc. and the Detroit Education Task Force. A Dow Chemical Company lobbyist and his new taxpayers group approached Henry Ford II for a donation to their campaign to bring California's 1973 tax limitation ballot proposal to Michigan. When the progressive income tax next appeared on the Michigan ballot, even long-time advocates of ability to pay like the League of Women Voters withheld their support, focused as they were on defeating tax limitation, the subject of Ch. 7.<sup>230</sup> The refusal to fund schools became its own justification for further cuts.<sup>231</sup> Describing a tax revolt that became a "self fulfilling prophecy," the former Detroit Education Task Force director observed that people who believed that "the schools are getting worse and worse and worse" because of "desegregation and efforts at achieving more equity in life" said "I'm not going to put anymore money in those schools. They're just going to hell in a hand basket."<sup>232</sup>

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<sup>230</sup> League of Women Voters of Michigan, Legislative News, September 10, 1976, Box 29, Katherine Cushman Office Files, Legislative News 1972-1976, LWV of Michigan.

<sup>231</sup> By contrast, economist David Figlio argues that school finance lawsuits provoked the tax revolt by increasing some voters' tax burden. Figlio is the current editor of the *Journal of Human Resources*, where school finance debates played out in the terms of applied microeconomics in the 1960s.

<sup>232</sup> Cunningham Oral History, 69.



## Ch. 5 Tax the Rich in California

Governor Ronald Reagan's reaction to illegal public sector strikes in California during the 1968-1969 school year presaged change for the labor movement. Before President Reagan fired federal air traffic controllers in 1981, Governor Reagan fired unionized San Jose State professors supporting ethnic studies and protesting education budget cuts in January 1969.<sup>1</sup> K-12 teachers first struck the same year voters elected Reagan governor in 1966; when the state legislature passed a collective bargaining bill for teachers in 1973, Reagan vetoed teachers' rights. As the former Screen Actors Guild president first told Los Angeles teachers and later air traffic controllers, Reagan did not believe in public employee unionization because government "cannot shut down the assembly line."<sup>2</sup> In California's hostile climate for public employee unionism, teachers had few options for protest: the Los Angeles school board denied teachers permission to collect petition signatures during breaks and lunch periods, and a trial court agreed since harmony among public employees was a state interest.<sup>3</sup> There would be little harmony as long as California's governor and teachers were at odds.

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<sup>1</sup> The College Council of the California American Federation of Teachers represented California professors. CFT Action Report, *Classroom Teacher*, January 21, 1969; AFT news, January 20, 1969, Folder 1 CFT News Release, Box 3, CFT UCLA. Defending their protesting students, professors had occupied the college president's office, refusing to teach. Robert D. Clark, "Student Unrest at San Jose State College," Robert D. Clark Papers, Coll 285, Special Collections & University Archives, University of Oregon Libraries, Eugene, Oregon.

<https://pages.uoregon.edu/clark/clark%20research%20material/Personal%20Papers/partial%20dates/1967-1968%20Student%20Unrest%20Report%20.PDF>. California considered teachers absent from work for more than five days to have resigned. CFT Action Report, *Classroom Teacher*, January 21, 1969, Folder 6, Box 3, CFT UCLA.

<sup>2</sup> Reagan quoted in Jon Shelton, *Teacher Strike! Public Education and the Making of a New American Political Order* (Champaign, IL: University of Illinois Press, 2017) <>.

<sup>3</sup> Without an effective challenge from the labor movement, San Francisco's school board had threatened to disenfranchise teachers in the 1950s, and Los Angeles' notoriously anti-union newspaper ran the city's school board as late as the 1960s. From 1962 to 1970, state superintendent Max Rafferty took a stand against sex education, bilingual education, drugs, and busing as state superintendent, escalating classroom wars his former Pasadena neighbors had been waging since the 1950s. Only in 1961 was teacher union organizing and membership legalized. Teachers' 1966 strike in Richmond, on the San Francisco Bay. Only in 1967 was California's teacher loyalty oath declared unconstitutional. Glass, *A History of the California Federation of Teachers*, 21, 25. Petition quoted in Los Angeles Teachers Union, Local 1021, AFT et al., v. Los Angeles City Board of Education et al., L.A. 29637, 2, June 3, 1969, Folder 1, Box 23, CFT CSUN. Natalia Mehlman Petrzela, *Classroom Wars: Language, Sex, and the Making of Modern Political Culture* (New York: Oxford University Press, 2017). Michelle M. Nickerson, *Mothers of Conservatism: Women and the Postwar Right* (Princeton, NJ: Princeton University Press, 2014).

California covered little more than one-third of the K-12 spending by the time Governor Reagan took office.<sup>4</sup> The California Teachers Association (CTA) wanted this amount to return to the half the state had promised; the California Federation of Teachers (CFT) wanted full-state funding. United only in opposition, teachers split over an unsuccessful 1970 school finance ballot measure to shift school funding from the local property tax to the state sales tax. Governor Reagan line item vetoed 7.5 percent of the legislature's 1971-1972 appropriations to education, welfare and healthcare for the poor.<sup>5</sup> Thus, local property taxpayers would bear a larger share of education costs. Whereas teacher strikes forestalled teacher evaluations and accountability in Michigan, in California, the desperate CTA helped Reagan pass a bill to evaluate teachers based on their ability to improve student test scores and pay them accordingly.<sup>6</sup> CFT members believed such measurement "sought to turn the classroom into assembly lines."<sup>7</sup> Merit pay, according to an influential education journalist, was a "special reward" for teaching productivity.<sup>8</sup>

Thus it was a continuity not a break when legal scholars and University of California, Berkeley professors John Coons and Stephen Sugarman developed a legal theory of equal reward

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<sup>4</sup> At the time, states like Michigan and New York approached a 50-50 state-local split. As in most states, the legislature in California allocated funds to equalize school spending between districts with different tax bases, efforts, and needs. Unlike other states, California's constitution had outlawed public funds for private schools since 1872. Address by Governor Ronald Reagan to the California Teachers Association Legislative Seminar, January 11, 1967, <https://www.reaganlibrary.gov/archives/speech/january-11-1967-address-governor-ronald-reagan-california-teachers-association>. H. Thomas James, "Why Are School Costs Higher In The Cities?" *CTA Journal*, January 1970, 6-9..

<sup>5</sup> The state budget grew to over \$6.7 billion in 1971-1972. Reagan line item vetoed in July 1971. Jalan Aufderheide, "State Policy Making for the Public Schools of California" in *Ohio State University Educational Governance Project* (Washington, D. C.: Office of Education, 1974). A. Alan Post, "Report of the Legislative Analyst to the Joint Legislative Budget Committee," California Legislature, 1971 Regular Session, March 1, 1971.

<sup>6</sup> The Stull Act passed July 20, 1971. A WWII veteran and Arizona teacher and administrator, Wilson Riles had worked in the California State Department of Education for twelve years, including on compensatory programs. When former Los Angeles teacher and AFT card holder Wilson Riles replaced Max Rafferty as state superintendent, he joined a lineage of Black administrators like Michigan's state superintendent who at times sided with community members or conservatives against union teachers. Michigan teachers, however, defeated performance measurement by striking in 1973. Glass, *A History of the California Federation of Teachers*, 23. Aufderheide, "State Policy Making."

<sup>7</sup> Glass, *A History of the California Federation of Teachers*, 33.

<sup>8</sup> Fred M. Hechinger, "Should Teachers Get Merit Pay?" *New York Times*, November 23, 1970.

for equal effort or “power equalizing” that displaced the “foundation” program of state subsidies for an adequate or minimum education. Local taxes on property, whether residential, commercial, industrial, or agricultural, would return the same revenue for the same rate.<sup>9</sup> The legal scholars did not take a position on how the state would raise its share. School finance reform came to be known for applying new formulas to property rather than finding a replacement tax base. Lawyers filed the foundational “power equalizing” court case filed in California, *Serrano v. Priest*. The California State Supreme court’s August 1971 *Serrano* ruling that unequal local property taxes were unconstitutional wealth discrimination effectively undid Governor’s Reagan’s budget veto a month before and briefly increased education spending without reference to teacher performance.

The Ford Foundation’s network of researchers, litigators, and advocates applied Coons’ and Sugarman’s legal theory and changed the course of school finance reform after the Detroit school board’s egalitarian vision of full state funding for students’ educational needs failed in the courts.<sup>10</sup> I argue that state aid to education after *Serrano* secured white suburbanites’ defense of their borders and wealth because the Ford Foundation’s school finance reform invoked a colorblind rhetoric of freedom of choice and local control. As historians of the south show, parents’ and policymakers’ arguments about free choice of neighborhood schools purposefully obscured the role of race in structuring education and housing.<sup>11</sup> In the west, the legal system embraced local taxpayers’ freedom to choose the level of state school subsidy. Professors Coons and Sugarman

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<sup>9</sup> That is, once a state decided that a 2.5 percent tax rate should yield \$5 in tax revenue, a school district levying a 2.5 percent tax on \$10,000 of worth of property would obtain \$250 from local taxpayers and \$250 in state aid.

<sup>10</sup> This result was not inevitable. The California Supreme Court under justice Raymond L. Sullivan by contrast left equal protection claims open in his *Serrano I* and *Serrano II* opinions. Paul Sabin, “High Tide of Equal Protection: Justice Raymond L. Sullivan’s Opinions in *Serrano* and *Westbrook*,” *The California Supreme Court Historical Society Yearbook* vol. 2 (1995): 133-157.

<sup>11</sup> I borrow the conception of suburban assertions to colorblind economic rights from Matthew D. Lassiter, *The Silent Majority: Suburban Politics in the Sunbelt South* (Princeton, NJ: Princeton University Press, 2006).

were indifferent to whether aid went to public school districts or tuition vouchers.<sup>12</sup> Like Governor Reagan and many conservatives, Coons and Sugarman supported vouchers piloted in Alum Rock, CA: parents could choose which public school their child attended rather than be bound by neighborhood attendance zones.<sup>13</sup> Over time, school choice would include public money for private and religious schools. School finance is a bridge between the 1960s and 1970s, between federal power to make social policy and local control to defund it, between labor liberalism and fiscal libertarianism, between urban and state fiscal crises.

The first section constructs a history of teacher unionism in California to show how democratic and representative politics failed to resolve the urban school finance crisis that left Los Angeles schools unable to tax or borrow in 1969. The second section describes the Ford Foundation's elaborate school finance reform infrastructure, and contrasts its aims and personnel with the labor movement's efforts. The third section presents a close reading of Coons' and Sugarman's *Private Wealth and Public Education* to show the early connections between school finance and school choice.

#### **“Rollon Ronnie, the Governor of Cantaffordit”<sup>14</sup>**

California school boards asked voters to approve spending more than constitutionally set rates during special elections held frequently and unsuccessfully during the 1960s. School leaders found forty-four ways to bypass maximum limits in the years since Progressive-era limits on high

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<sup>12</sup> Here, I think of neoliberalism as how the state structures the education market to provide consumer choices rather than public goods. While counterfactual history is a dangerous game, one alternate path would have been reworking the educational need legal standard with state constitutions, rather than the U.S. constitution, in mind.

<sup>13</sup> President Richard Nixon's Office of Economic Opportunity piloted vouchers in Alum Rock. Report of the California Curriculum Council, *CFT Innovator*, vol. II, no. 1, October 1970, Folder 12, Box 3, CFT UCLA.

<sup>14</sup> Larry Sibelman, “Meet Rollon Ronnie,” *United Teacher* 1 (2), September 28, 1973, 1, Box 17, Folder 1, UTLA.

school taxes and Depression-era limits on elementary school taxes.<sup>15</sup> During the 1968-69 school year, a majority of local school tax and bond elections failed: voters rejected half of tax increases and two-thirds of bond issues.<sup>16</sup> California, like a minority of states, required that two-thirds of voters approve school bonds. Ongoing litigation argued this requirement violated the U. S. Supreme Court's one-person, one-vote jurisprudence. In the short-term, the urban school fiscal crisis spread: as of April 28, 1969, California could not sell bonds because interest rates exceeded the state's five percent usury limit. A large, permanent Los Angeles school tax increase failed that spring; the last general tax rate increase had been approved in 1957. Los Angeles teachers became members of a union local affiliated with both the National Education Association and the American Federation of Teachers (AFT): both teachers' organizations attempted to raise school funds.

The CFT offered members access to radical politics during the 1950s and 1960s when California's interracial civil rights movement influenced school and housing desegregation nationally and struggled for community services and labor contracts locally.<sup>17</sup> (The CFT also wrote vanguard newsletters, defended teachers' political expression in the courts, and attempted to meet member teachers' basic needs, negotiating a group health insurance plan through Kaiser.<sup>18</sup>) CFT members support the United Farm Workers in their 1965 campaign on California growers, and heard Oakland assemblymember and civil rights activist Willie Brown's advice to take power

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<sup>15</sup> Robert C. Brown, Executive Vice President, California Taxpayers' Association and Mrs. Edward Rudin, President, League of Women Voters of California, "Argument Against Proposition 8," TAXATION FOR SCHOOLS AND SOCIAL WELFARE California Proposition 8 (1970).

[http://repository.uchastings.edu/ca\\_ballot\\_props/726](http://repository.uchastings.edu/ca_ballot_props/726)

<sup>16</sup> "School Tax and Bond Issues Are Defeated By Voters," *CTA Journal*, January 1970, 33.

<sup>17</sup> Shana Bernstein, "From the Southwest to the Nation: Interracial Civil Rights Activism in Los Angeles" in *Sunbelt Rising: The Politics of Space, Place, and Region* eds. Michelle Nickerson and Darren Dochuk (Philadelphia, PA: University of Pennsylvania Press, 2013): 141-63.

<sup>18</sup> Primarily representing urban school districts, the CFT also advocated cost savings through rural school district consolidation. "FACTS on school finance in California and the CTA initiative," Folder 24, Box 23, CFT CSUN.

in the streets.<sup>19</sup> A future U.S. congressman from Los Angeles, Howard Berman, and the labor law firm Levy, Van Bourg, Geffner, and De Roy represented their “favorite union causes: teachers and farmworkers” pro bono.<sup>20</sup> Weeks into Governor Ronald Reagan’s first term, the CFT joined with the New Left to lead a ten thousand person march on Reagan and his “19<sup>th</sup> century attitudes” on higher education: charging tuition, cutting budgets by ten percent, and interfering politically at the University of California and state colleges.<sup>21</sup>



February 11, 1967 march on the state capitol. James Degnan, “California’s Militant Professors,” *Changing Education*, Winter 1967: 34-39, Folder 15, Box 3, California Federation of Teachers records, UCLA Library Special Collections, Charles E. Young Research Library, Los Angeles, CA.

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<sup>19</sup> Brown told the 1965 CFT convention audience: “Baby, until you learn like we in the civil rights movement did that no one gives you power, you won’t win. You have to take your message to the people in the streets.” Thomas V. Martin to Wilbur Fillippini, June 1, 1966, Folder 22, Box 21, CFT CSUN.

<sup>20</sup> “FACTS on school finance in California and the CTA initiative,” 26, Folder 24, Box 23, CFT CSUN.

<sup>21</sup> Marching alongside a delegation of eighty farmworkers, Cesar Chavez gave an unplanned speech, prompting the AFT to internally debate whether it had been “used” or “suckered” by the New Left. Abe Newman, Executive Secretary AFT Bay Area Council, Report, 1967, Folder 16, Box 42, California Federation of Teachers collection, Special Collections & Archives, California State University Northridge Library, Northridge, CA. Jackson K. Putnam, *Modern California Politics, 1917-1980* (San Francisco: Boyd & Fraser Pub. Co., 1980).

California teachers slowly organized teacher union majorities with financial and organizational support from UAW president Walter Reuther.<sup>22</sup> Los Angeles' teachers union took twenty years to rebuild after the AFT revoked its affiliation over alleged communist ties during the second red scare alongside locals in New York and Philadelphia. As homemakers in Pasadena coffee-katched for Barry Goldwater and working-class homeowners in South Gate attempted to disaffiliate from the Los Angeles school district, teachers tried unsuccessfully for union recognition in 1965.<sup>23</sup> Backed by the AFL-CIO Industrial Union Department and AFT's \$1 million organizing fund, the CFT first won recognition for East Bay and college campus locals. The California federation and local unions, like the national AFT, sold bonds to members to raise additional hundreds of thousands of dollars for new organizing.<sup>24</sup> AFT leader David Selden, who won the union's first contract in New York in 1962, reminded California teachers that "The clearest road to collective bargaining has a sign on it which says—STRIKE."<sup>25</sup>

The CTA remained a larger and more powerful lobbyist even as the militant CFT grew. As teachers across the country won union contracts during the 1960s, the CFT reached nearly 15,000 members in 100 locals by 1970, and 25,000 during the 1970s.<sup>26</sup> The CFT was particularly successful organizing college faculty. Marjorie Murphy, whose *Blackboard Unions* was long the

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<sup>22</sup> In 1965, the president of Local 1021 in Los Angeles secured AFT support for a membership drive that failed. While principals' permission for union conversation on school grounds varied, the AFT organizer found few teachers willing or able to talk at work. Michigan teachers shared visit instructions with their California comrades, advising that the most effective but difficult recruitment happened at home. See Ch. 3 of this dissertation on the UAW's relationship with the AFT. Eddie Irwin was then a vice president of the AFT. Ibid, 27. Ralph Schloming was the unsuccessful field representative. Folder 18, Box 42, CFT CSUN.

<sup>23</sup> Lisa McGirr, *Suburban Warriors: The Origins of the New American Right* (Princeton, N.J.: Princeton University Press, 2001). Becky M. Nicolaides, *My Blue Heaven: Life and Politics in the Working-Class Suburbs of Los Angeles, 1920-1965* (Chicago: University of Chicago Press, 2002).

<sup>24</sup> Ironically, the CTA ended up paying off \$1 million of the Los Angeles AFT local's debt. In 1972, UTLA raided Southern California education associations after the CTA raised dues. The CTA paid dearly for the return of dues-paying members, setting up a rival Los Angeles teachers union before paying off \$1 million in UTLA debt. If this debt included the local match for the CFT organizing bonds, the CTA paid for the membership drive against it. Glass, *A History of the California Federation of Teachers*, 34.

<sup>25</sup> AFT quotes, undated, Folder 13, Box 3, CFT UCLA.

<sup>26</sup> Even Catholic school teachers in San Francisco and Los Angeles organized unions. Ibid, 24, 30, 33.

only history of teacher unionism, was a member of a California State University union as a graduate student.<sup>27</sup> Nonetheless, CFT historian Fred Glass calls his union the tail wagging the dog.<sup>28</sup> Other educational organizations considered the CFT a “gadfly” that kept the CTA “honest.”<sup>29</sup> The CTA raised \$500,000 per year in voluntary contributions from its 120,000 members for politics and helped elect legislators through an Association for Better Citizenship.<sup>30</sup> The CTA gave the third largest amount of any interest group to legislators. At the time, the CTA kept a staff of five lobbyists and a public relations specialist in Sacramento, where the CFT had one staffer, and the state’s five largest school districts shared a lobbying office.<sup>31</sup>

It would take three years and three strikes, but when teachers organizations cooperated, Los Angeles finally got recognized a union. First, teachers elected a pro-union school board with a community and labor coalition, and money and manpower from both the AFT and the CTA.<sup>32</sup> Los Angeles’ 2,200 member Local 1021 began a new card drive at the start of the 1967 school year to as much as double membership.<sup>33</sup> Despite a 10,000 signature petition, the Los Angeles teachers could not persuade the legislature to consider collective bargaining legislation.<sup>34</sup> In Los Angeles, school board members were no more supportive of teachers’ educational policy priorities than were state legislators. The “ultra conservative *L. A. Times*” school board refused to apply for Elementary and Secondary Education Act Title III funds, as the Detroit school board did, to

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<sup>27</sup> CFT CSUN.

<sup>28</sup> Interview with Fred Glass.

<sup>29</sup> Aufderheide, “State Policy Making,” 95.

<sup>30</sup> Aufderheide, “State Policy Making.”

<sup>31</sup> Peter H. Behr, an oral history conducted in 1988 and 1989 by Ann Lage, Regional Oral History Office, The Bancroft Library, University of California, Berkeley, 1989.

<sup>32</sup> Glass, *A History of the California Federation of Teachers*, <>.

<sup>33</sup> Several part-time organizers developed a building rep program in LA’s hundreds of geographically dispersed schools. Sponsored by the CTA, the legislature had allowed small committees of teachers to “meet and confer” with school boards in the 1965 Winton Act. After initial opposition, the CFT held meetings with the school board to radicalize teachers who heard no and asked why. AFT on the move! Southern CFT Bulletin, vol. 2, no. 1, September 18, 1967, Folder 13, Box 3, CFT UCLA.

<sup>34</sup>



support the AFT's More Effective Schools program to halve class sizes in Watts, East Los Angeles, and other neighborhoods.<sup>35</sup> The Los Angeles school district would have to contribute to the cost of More Effective Schools, and with an additional \$21 million in revenue available under the tax limit, the school board could afford the expense. Instead, the Los Angeles school board decided to fund previously agreed-upon teacher raises with cuts to education programs. Local 1021 voted 10 to 1 to strike for one day, May 31, 1968.<sup>36</sup> To each other, teachers cheered: "Hell no, we won't stay. To prevent student drop out we'll take a walk-out."<sup>37</sup> However, the CTA's lobbyist thought "violent campus disturbances and teacher agitation" were the last straw for frustrated taxpayers who saw property taxes but not school achievement rise.<sup>38</sup>

Members of the CTA affiliate and the teachers union walked out together on September 10, 1969, pushing towards union recognition.<sup>39</sup> With nearly half of Los Angeles schools closed, the sixty percent of teachers striking picketed buildings running on skeleton crews or marched on the civic center. Hoping to keep teachers out, Local 1021 extended the strike by a day but the association refused to go one day longer.<sup>40</sup> With the support of the AFT president, the nearly 17,000 member association and the 2,000 to 3,000 member union resumed merger talks that had begun as early as 1965 and founded United Teachers-Los Angeles (UTLA) in February 1970.<sup>41</sup> Immediately, UTLA began negotiating with the school board. Told "there is no money available"

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<sup>35</sup> Lynn Roger Clancy, Jr, "The History of the American Federation of Teachers in Los Angeles: 1919-1969" (Ph.D., University of California, Los Angeles, 1971). Folders 20-3, Box 42, CFT CSUN. Folders 6, 13, Box 3, CFT UCLA.

<sup>36</sup> Clancy, Jr., "The History of the American Federation of Teachers in Los Angeles," 167.

<sup>37</sup> CFT Report, "Release to the Presidents of All Locals of the American Federation of Teachers in and Around the Los Angeles Area," 1968, Folder 13, Box 3, CFT UCLA.

<sup>38</sup> Calvin Rossi, "Campus Dissidents and the Problems of Finance," *CTA Journal*, January 1970, 10-12 at 11.

<sup>39</sup> After Florida teachers resigned in protest and were not hired back in the late 1960s, the NEA became more open to striking. Murphy, *Blackboard Unions*.

<sup>40</sup> Glass, *A History of the California Federation of Teachers*, 29.

<sup>41</sup> Glass and Clancy differ on the precise counts by several hundred teachers. Murphy, *Blackboard Unions*, 253.

teachers responded: “This is absurd.”<sup>42</sup> California was the wealthiest state in the country yet spent \$460 less per pupil than in New York.

Too many teachers did custodial and clerical work; too few taught in the classroom: California ranked 44<sup>th</sup> among states in pupil-teacher ratio.<sup>43</sup> The previous school year, the district had cut \$23 million from its budget in janitors, extracurriculars, and equipment, but forecast teachers would be next. Los Angeles class sizes averaged 33.84 students, higher than any other big city school district, with New York at 20.2 and Detroit at 28.2.<sup>44</sup> Union teachers’ goal was an average of twenty students, with a maximum of twenty-five.<sup>45</sup> This meant twice as many teachers but the CFT hoped not so many more administrators. Previous state aid increases had gone to administrators’ salaries, not teachers’. The CFT proposed to link funding to pupil-teacher ratios and teacher salaries in the state aid formula.<sup>46</sup>

At a March 1970 special election, the first tax override in Los Angeles history, the district proposed a temporary twenty-seven percent increase in local school property taxes. Los Angelinos would pay \$358 million more for construction and operating expenses for three years. Newspapers warned that failure “may also assure a strike in the spring by teachers.”<sup>47</sup> The acting superintendent of Los Angeles walked a fine line for the press: he did not hope for a strike, but he understood teachers felt “they can strengthen our action (in appealing for more state aid) by being demonstrative.”<sup>48</sup> The Los Angeles school district had survived by increasing special taxes for

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<sup>42</sup> CFT, *The Classroom Teachers’ Growing Voice*, circa early 1970, Folder 11, Box 3, CFT UCLA.

<sup>43</sup> Jack D. Rees, “The People Must Decide,” *CTA Journal*, January 1970, 3-5.

<sup>44</sup> NEA and AFT studies cited in Harry Bernstein, “Teachers Strike Called More Likely After Tax Override Loss,” *Los Angeles Times*, March 19, C1.

<sup>45</sup> Undated brochure, Folder 9, Box 3, CFT UCLA.

<sup>46</sup> Bill O’Donnell, Chairman of the Legislative Finance Committee of the CFT, testimony to unnamed California legislature joint committee, undated, Folder 24, Box 23, CFT CSUN.

<sup>47</sup> Jack McCurdy, “Voters to Decide Tuesday on 3-Year School Tax Override: School Tax ...,” *Los Angeles Times*, March 15, 1970, 1.

<sup>48</sup> Robert Kelly quoted in Harry Bernstein, “Teachers Strike Called More Likely After Tax Override Loss,” *Los Angeles Times*, March 19, C1.

healthcare, adult education, vocational education, and special education that did not require voter approval, nearly \$1.73 worth of property taxes over a decade and a half compared with the district's new request for \$1.31 more in a year. The district could also shorten the school day or year. Elsewhere in Los Angeles County, districts that lost tax override elections closed schools but ongoing litigation over racial segregation made this a risky option in LA.<sup>49</sup> With a little more than one-third of eligible voters turning out, the school tax measure lost four to one.<sup>50</sup> The superintendent blamed the winter integration decision and college student protests.<sup>51</sup>

Los Angeles school leaders appealed to Governor Reagan for emergency aid from the state that paid only twenty-eight percent of the city's school costs. In Sacramento, the governor and senator Al Rodda proposed to distribute funds from wealthy to poor school districts.<sup>52</sup> The governor had long insisted on separating school finance and tax reform. However, Democrats in the Assembly blocked Reagan's tax plan to shift the burden from local property to statewide taxes on sales, income, and business.<sup>53</sup> UTLA asked Governor Reagan to support the CTA's June school finance balance initiative, and to institute a temporary fifty cent increase in the state sales tax in the meantime.<sup>54</sup> Despite his professed resistance to taxes, Reagan had campaigned for such a sales tax the year before to fix flooded roads. After Reagan refused the same support to schools in a meeting with union teachers, the union president declared "The governor's malicious neglect of public school children makes a teachers' strike in Los Angeles almost a dead certainty."<sup>55</sup> When

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<sup>49</sup> A mother from Paramount wrote the *Los Angeles Times* that seven elementary schools in her district were closed after the defeat of a tax override. Jan Bell, "Support Voiced for Prop. 8," *Los Angeles Times*, March 14, 1970, A4.

<sup>50</sup> "Voters Say No to Tax Override: The State," *Los Angeles Times*, March 22, 1970, F5.

<sup>51</sup> Jack McCurdy, "L.A. Schools Ask State's Help to Avert Cutbacks.: Reagan Receives ... ," *Los Angeles Times*, March 19, 1970, D3.

<sup>52</sup> Robert Fairbanks, "Walkout Unlikely to Produce Boost in Aid From State," *Los Angeles Times*, April 13, 1970, 1.

<sup>53</sup> "Stymied Tax Reform Program," *Los Angeles Times*, May 10, 1970, K5.

<sup>54</sup> "L.A. Teachers' Strike Threat," *Los Angeles Times*, April 5, 1970, E5.

<sup>55</sup> Robert Ransom quoted in *ibid.*

the school board offered teachers a five percent raise for the current school year only, UTLA scheduled an April 13 strike vote.

In April 1970, Los Angeles teachers struck for four and a half weeks for a union contract and state aid. With 654,000 students and more than 28,000 teachers, the Los Angeles school district was the country's second largest, and its teachers' strike the year's largest.<sup>56</sup> Walking out on April 14 with sixty percent of teachers, union leaders estimated nearly sixty-five percent of teachers stayed out the second day, even after .<sup>57</sup> Los Angeles Superior Court judge issued a temporary injunction on the first day of the strike.<sup>58</sup> While district administrators put the proportion lower, everyone agreed a majority of teachers were on strike. Teachers rallied at eight locations across the sprawling city. The school board's attorney pledged to ask the court to hold union leaders in contempt but the acting superintendent shied away from imprisonment. At the time, AFT president David Selden was serving a sixty day jail sentence for his role in the Newark teachers strike.<sup>59</sup> As the school board postponed a meeting to discuss \$41 million in cuts, one board member publicized administrators high salaries, noting "teachers are the lowest people on our totem pole."<sup>60</sup> If only the community stayed on teachers' side long enough for the board to get to yes, Los Angeles would finally be a union town.

Los Angeles teachers have been asking for the same things for schools for five decades. A week into the 1970 strike, parents representing community councils at ten percent of the district's schools met to endorse many of teachers demands—"smaller class sizes, better reading programs,

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<sup>56</sup> While many strike details come from Jon Shelton's *Teacher Strike!*, he frames teachers' demands slightly differently than they did at the time. Shelton argues the Los Angeles strike was about higher salaries and smaller class sizes.

<sup>57</sup> Harry Bernstein and Jack McCurdy, "Nearly 65% of Teachers Strike, Leaders Claim," *Los Angeles Times*, April 15, 1970, 1.

<sup>58</sup> Richard Schauer.

<sup>59</sup> Selden, *Teacher Rebellion*.

<sup>60</sup> Julian Nava quoted in Bernstein and McCurdy, "Nearly 65% of Teachers Strike, Leaders Claim," 28.

better building maintenance, more nurses, expanded anti-narcotics programs, and increased teacher salaries” —without choosing the union or school board’s side.<sup>61</sup> These parents pledged to study the CTA’s school finance ballot initiative, but had not yet reached consensus. By week two, only half of teachers stayed out and many schools re-opened. Nonetheless, spirited picket lines kept the pressure on. Adapting contemporary folk ballads, labor movement classics like “Which Side Are You On,” and anthems like Woody Guthrie’s “This Land Is Your Land,” Los Angeles teachers asked all who would hear to take responsibility for “our school / With its broken windows, unpainted hallways, / The crowded classrooms, the lack of textbooks, /”<sup>62</sup> During the third week of the strike, forty five percent of students stayed home. Bus drivers and fifteen building trades unions struck in sympathy.<sup>63</sup> By the fourth week, an agreement was in sight.

Teachers’ strike victory was tenuous. After a majority of board members struck a deal with teachers to end the month-long strike, the district’s labor negotiator and administrators tried to persuade the school board to scrap the agreement.<sup>64</sup> A UCLA labor law professor mediated the settlement, conditioning a seven percent raise, optical and prescription drug benefits, a no-strike clause, professional concerns like a say for teachers on textbooks and curriculum in addition to a grievance procedure and daily prep period, and a ten percent increase in staff and services for poor schools on new funding.<sup>65</sup> Class sizes would be capped at 32, still highest among big cities. As several hundred UTLA members defected to an anti-strike professional educators group based in

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<sup>61</sup> Robert B. Young, “Parent Councils Weigh Action in Teacher Walkout,” *Los Angeles Times*, April 18, 1970, A1.

<sup>62</sup> CFT, The Classroom Teachers’ Growing Voice, undated song lyrics circa the April 1970 LA teachers strike, Folder 11, Box 3, CFT UCLA.

<sup>63</sup> “15 Unions Join School Strike in L.A.,” *Press-Telegram*, Long Beach, CA, April 28, 1970, 1.

<sup>64</sup> Professor Benjamin Aaron was at the time director of the UCLA Institute of Industrial Relations and an arbitrator in the public and private sector. Harry Bernstein, “Administrators Seek to Block OK on Teachers’ Strike Pact,” *Los Angeles Times*, May 10, 1970, G1.

[https://senate.universityofcalifornia.edu/\\_files/inmemoriam/html/benjaminaron.html](https://senate.universityofcalifornia.edu/_files/inmemoriam/html/benjaminaron.html)

<sup>65</sup> From passage of the CTA’s school finance ballot initiative or aid from the state legislature.

the San Fernando Valley during the walk out, the union's de facto role as sole bargaining agent was not guaranteed.<sup>66</sup>

Los Angeles teachers decided to forego their seven percent raise to fund remedial programs for students when they voted to end the strike. Immediately before and after teachers struck, the Superior Court of Los Angeles County found the school board had de jure segregated students in the long-running *Crawford v. Board of Education* case.<sup>67</sup> A supporter of racial integration in local schools, the CFT focused its advocacy on state aid.<sup>68</sup> In their own case which quickly went to the same Los Angeles court, judges negated teachers' contract because California law did not recognize public employees' rights to collectively bargain. Around 5,000 UTLA members turned in their union cards. Nearly that many members of the Los Angeles CTA affiliate had voted no on merger just months before.

The Los Angeles school board tied teachers' strike settlement to the June passage of a CTA-sponsored ballot initiative to shift social policy away from local property taxes.<sup>69</sup> Proposition 8 required the state legislature to appropriate \$1.13 billion from "sources other than property taxes" to fund no less than half of K-community college costs (\$585 million) and ninety

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<sup>66</sup> Unlike in other union towns including New York, Philadelphia, and Detroit, the Los Angeles teachers did not hold a board-certified recognition election for their union before negotiating their first contract. As the largest teachers organization post-merger, UTLA held all nine seats on the Winton Act sanctioned negotiating council and was thus the de facto bargaining agent. Robert B. Young, "'Model' Member of UTLA Joins Antistrike Group," *Los Angeles Times*, April 23, 1970, 3.

<sup>67</sup> Original February 11 ruling; May 12, 1970 order. The school board appealed Judge Gitelson's order, and voters removed him from office. The legislature passed an anti-busing bill, and voters passed an anti-racial-recording-keeping ballot measure in 1972. The Los Angeles desegregation case, appealed throughout the 1970s, planned for busing to begin in September 1978. Before any students were reassigned, two 1979 ballot initiatives reshaped schools. At the same special election, California voters approved the Robbins amendment to ban mandatory busing, later upheld by the U.S. Supreme Court, and the Gann "Spirit of 13" amendment. Elaine Elinson and Stan Yogi, Ch. 15 *Under Color of Law, Wherever There's A Fight: How Runaway Slaves, Suffragists, Immigrants, Strikers, and Poets Shaped Civil Liberties in California* (Berkeley, CA: Heyday Books, 2009). Daniel HoSang, *Racial Propositions Ballot Initiatives and the Making of Postwar California* (Berkeley, CA: University of California Press, 2010).

<sup>68</sup> For example, 1971 march demands include state funds for local school integration. CFT, "The Sacramento March-for-Education will be held on May 15..." Folder 16, Box 42, CFT CSUN.

<sup>69</sup> Prop 8 was the CTA's first school finance ballot initiative since 1952; 175,000 members in 700 chapters collected 520,276 qualifying signatures by the end of January 1970. Jack D. Rees, "The People Must Decide," *CTA Journal*, January 1970, 3-5. Shelton, *Teacher Strike!*

percent of community mental health, social security, welfare (\$445 million), in addition to a \$250 increase in each homeowners' property tax exemption (\$100 million).<sup>70</sup> California's legislative analyst offered two finance mechanisms: higher state taxes and non-property county taxes, authorized by the legislature. Either sales taxes or income taxes could double.<sup>71</sup> The CTA and the County Supervisors Association of California suggested the state sales tax could fund this entire amount.<sup>72</sup> The League of Women Voters of California and the CFT objected to sales taxes for school funding. The detailed proposition also prohibited the state legislature from "reducing local taxing authority."<sup>73</sup>

In southern California, where UTLA set the militant tone, many CTA members preferred business taxes to sales taxes. In a statement, the UTLA observed: "It is obvious that if the governor had any intention of helping education instead of pampering oil companies and other corporate favorites he would have done so in his own tax package."<sup>74</sup> The Southern Section of the CTA suggested yet more obscure business taxes, or even sin taxes, could make up for property tax cuts.<sup>75</sup> One local association urged legislators to "touch the coffers of some of the opponents of Proposition 8 (California Taxpayers Association, California Farm Bureau, both organizations of large corporations, not individual, 'little fellow' taxpayers) and raise substantial amounts."<sup>76</sup> Indeed, while corporate taxes had only doubled in the last decade, personal income taxes had quintupled.<sup>77</sup>

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<sup>70</sup> At the time, the property tax funded sixty-two percent of school operations statewide.

<sup>71</sup> California's sales tax exemptions—for food, drugs, dental, medical, legal, barber, beauty, laundry, dry cleaning, repairs, newspapers and periodicals, household utilities, tenant rentals—made it less regressive than most state's.

<sup>72</sup> Margaret L. Lemmer and Sig Sanchez, "Argument in Favor of Proposition 8."

<sup>73</sup> Jack D. Rees, "The People Must Decide," *CTA Journal*, January 1970, 3-5 at 4.

<sup>74</sup> Statement read by Robert Ransom quoted in "UTLA leader Sees Strikes if Prop. 8 Loses," May 27, 1970, 35A.

<sup>75</sup> "No Sales Tax Hike If Prop. 8 Is Passed," *Arcadia Tribune*, May 20, 1970, 2.

<sup>76</sup> Eilleen L. Bowen, Chairman of the Pasadena Education Association's Legislation Committee, Reader's Forum, *Star-News*, Pasadena, CA, May 30, 1970, 11.

<sup>77</sup> Delores H. Bright, Letter to the Editor, "For Prop. 8," *Press-Telegram*, Long Beach, CA, May 29, 1970, 21.

With the 1970 ballot measure, the CTA hoped to hold the state accountable to a successful ballot measure for half-state funding that it had passed decades before. The California political consultancy Whitaker & Baxter, which fought one man, one vote after the U.S. Supreme Court's *Baker v. Carr* decision, ran these and many other CTA school finance campaigns.<sup>78</sup> Co-founder Clem Whitaker argued Proposition 8 was “the first meaningful property tax reform in California in 35 years.”<sup>79</sup> After state voters authorized sales and income taxes to take the tax burden off property during the Great Depression, government outgrew the new taxes, a process many feared would be repeated. The last school year the state had funded its fifty percent share of local school budgets was 1953-1954.<sup>80</sup> Although the Assembly passed a law requiring the state meet its obligation, the legislature did not allocate the money.<sup>81</sup>

Staged with all the high drama of a California ballot initiative—strange bedfellows, professional consultants, misleading ads, court intervention—the campaign for the tax measure cost upwards of one million dollars. The CTA had hoped to raise double this amount from allied groups and its 175,000 members who donated fifteen dollars, or one day's pay; regular membership dues approached \$3,000,000 in 1969.<sup>82</sup> Despite the proposition's broad issue base, more groups lined up against the CTA than with the association. Long-time income tax advocate the League of Women Voters of California joined long-time income tax foe the California Taxpayers' Association in leading the opposition alongside the CFT, Real Estate Association,

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<sup>78</sup> Clement Sherman Whitaker, Jr., an oral history conducted in 1988-1989 by Gabrielle Morris, Regional Oral History Office, The Bancroft Library, University of California, Berkeley, 1989, 171-172. Whitaker & Baxter, “The 1973 Campaign.” Putnam, *Modern California Politics, 1917-1980*.

<sup>79</sup> Clem Whitaker, Jr., “Political Parade,” *San Marino Tribune*, April 9, 1971, 5.

<sup>80</sup> Eilleen L. Bowen, Reader's Forum, *Star-News*, Pasadena, CA, May 30, 1970, 11.

<sup>81</sup> Mrs. Dorothy E. Josten, president of the Pasadena-Foothill Division of the California Retired Teachers Association, “No School Budget Ceilings,” Reader's Forum, *Star-News*, Pasadena, CA, May 30, 1970, 11.

<sup>82</sup> Funds would pay for advertising, direct mail, and personnel. California Teachers Association General Fund and Building Fund Combined Statement of Income and Expenses July 1, 1968 to June 30, 1969, *CTA Journal*, January 1970, 58.



School Boards Association, and State Employees' Association.<sup>83</sup> A vice president of the California Taxpayers Association chaired Californians Against a Tax Hoax, which distributed a booklet the Prop 8-supporting Parent-Teacher Association found so misleading its president held an emergency press conference urging opponents to "repudiate the quoted statements as lies."<sup>84</sup>

No advertisement was more contested than a clip of Reagan flip-flopping. The Superior Court of Los Angeles County issued a temporary restraining order against pro-Prop 8 ads featuring a Reagan campaign speech for tax reform, but allowed the radio spots to be aired a week before the vote.<sup>85</sup> "I hope we will be able to restore the historic 50-50 ratio" of state to local school funding, Reagan had told the CTA upon his inauguration as governor. Newspaper ads further quoted Reagan's 1967 speech to the CTA: "The state must bear a fair share and larger share of the school cost. It must bring relief to the property taxpayer in so doing..."<sup>86</sup> Whitaker & Baxter would again use Reagan's words against him during tax limitation campaigns. In fact, the governor campaigned against the Proposition 8, bringing up his opposition in speeches and cabinet discussions, and even asking the state Democratic party for help.<sup>87</sup> Reagan feared running for reelection as a Republican who raised taxes, which Proposition 8 would force him to do by July 1.

Los Angeles politicians supported the short-term fix while media worried that the removal of tax rate limits would let teachers rather than voters set budgets in the long-term. The city's mayor and school board backed Proposition 8, as did the county's board of supervisors. However,

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<sup>83</sup> Californians for Truth in Campaigning, "Proposition 8 means higher taxes. Vote no on 8," *Star-News*, Pasadena, CA, May 24, 1970, 13.

<sup>84</sup> Robert C. Brown. Editorial, "Proposition 8 Lacks Tax Reform," *Progress-Bulletin*, Pomona, CA, May 7, 1970, B2. Mrs. Robley Berry quoted in "PTA Head Hits Foes of Prop. 8," *Press-Telegram*, Long Beach, CA, May 13, 1970.

<sup>85</sup> UPI, "Use of Reagan Voice in Prop. 8 Ads Barred," *Los Angeles Times*, May 21, 1970. Robert Fairbanks, "Reagan Loses on Prop. 8 Court Action," *Los Angeles Times*, May 27, 1970, A5.

<sup>86</sup> Californians for Responsible Property Tax Reform, "This is what Proposition 8 does," *Star-News*, Pasadena, CA, May 27, 1970, 4.

<sup>87</sup> Bill Boyarsky, "Proposition 8 Forces Reagan Into Bitter Tax Reform Battle," *Los Angeles Times*, May 28, 1970, 1.

the *Los Angeles Times* editorial board advised readers to vote no on Prop 8, claiming the average property tax savings for a family would be \$25 while the average state tax increase would be \$200. The newspaper was “confident that men of reason” in the state legislature and Reagan administration could assemble a “better package” than the measure offered by the CTA, led by a woman.<sup>88</sup> The Los Angeles-headquartered Property Owners’ Tax Association of California objected to two of the ballot measure’s provisions to make future state school aid easier: inflation indexing to rising nominal costs of services and inserting legislative overrides of school tax ceilings into the state constitution.<sup>89</sup> That is, as newspaper editors argued, the constitution would ban property tax ceilings, allowing school boards to raise local budgets and the state’s contribution.<sup>90</sup>

The Los Angeles school board laid off non-tenured teachers in predominantly Black schools after California voters rejected the 50-50 state-local school finance split by a two-to-one margin.<sup>91</sup> The chairman of the Los Angeles Chapter of Black Educators, Incorporated wrote to the AFT president for assistance restoring as many jobs as possible.<sup>92</sup> An educator but not a union member, this leader had found an AFT organizer on Los Angeles strike duty “most inspirational and helpful” and requested him by name. Teachers organizations in California and elsewhere competed for the loyalty of Black members. While the NEA waited a decade longer than the AFT to begin expelling segregated affiliates, the NEA elected a Black president in 1968 and recruited educators marginalized by racism in the labor movement.<sup>93</sup> Borrowing rather than taxing, the state shared \$5.6 million to build nine elementary schools in South-Central and East Los Angeles far

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<sup>88</sup> “Vote NO on Proposition 8,” *Los Angeles Times*, May 24, 1970, F6.

<sup>89</sup> Display ad 74 “Tax Facts” vol. 27, no. 2, *Los Angeles Times*, May 29, G16.

<sup>90</sup> Charles Cherniss, “Proposition 8 WILL NOT Lower Taxes,” *Star-News*, Pasadena, CA, May 24, 1970, 46.

<sup>91</sup> Tom Goff, “Avalanche of ‘No’ Votes Buries Proposition 8,” *Los Angeles Times*, June 4, 1970, AA. Bill Boyarsky, “Two Propositions on Primary Ballot Could Help Schools,” *Los Angeles Times*, April 22, 1970, 3.

<sup>92</sup> E. Faye Williams Duke to Dave Selden, June 18, 1970, Folder 21, Box 21, CFT CSUN.

<sup>93</sup> Glass, *A History of the California Federation of Teachers*. Marjorie Murphy, *Blackboard Unions*.

less than the Proposition 8 ballot measure would have provided. After a successful June 1970 referendum, the state legislature could raise the interest rate limit to seven percent on public debt if bonds went unsold.<sup>94</sup>

With a recession beginning in California in 1970, and inflation accelerating nationally, teachers needed raises to maintain purchasing power. As President Nixon imposed wage controls that fall, the AFT funded lawsuits to preserve teachers' previously negotiated cost of living increases. The CFT's Los Angeles lawyer threatened to seek a court order to force school boards to follow contract law and maintain existing agreements.<sup>95</sup> As more than a dozen teacher organizations planned strike votes in the fall over wages, benefits, and working conditions, the UTLA president had threatened a statewide teacher strike if Proposition 8 failed.<sup>96</sup> Using its authority to tax up to a constitutional limit, the Los Angeles school board approved a small 0.28 percent increase in school property taxes.<sup>97</sup> Thus, direct democracy, legislative lobbying, and militant action failed to secure sufficient school funding by the end of 1970. The way was clear for a legal solution.

## **Inequality Knowledge**

**“Before turning to the substance of the issue, it may be worth noting that few who argue that money ‘makes no difference’ in education have ever tried to run a school without it. Nor have financially privileged suburban school districts been volunteering to share their resources with less privileged urban districts, an event that, however unlikely, might lend behavioral credibility to rhetoric about the uselessness of dollars.”**

Ford Foundation program officer James A. Kelly in a 1974 report to the trustees, 24.

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<sup>94</sup> California bankers and Governor Reagan urged the state to lift the five percent usury limit on school bond interest rates; a referendum on the June 1970 ballot asked voters to do just that. Monroe Sweetland, “Lenders ‘Strike’ Against Schools,” *CTA Journal*, January 1970, 32-33. INTEREST RATE ON STATE BONDS California Proposition 7 (1970). [http://repository.uchastings.edu/ca\\_ballot\\_props/724](http://repository.uchastings.edu/ca_ballot_props/724). Ballotopedia confirms passage.

<sup>95</sup> CFT News Release, September 2, 1971, Folder 1, Box 3, CFT UCLA.

<sup>96</sup> “UTLA leader Sees Strikes if Prop. 8 Loses,” May 27, 1970, 35A.

<sup>97</sup> CFT News Release, September 2, 1971, 47, Folder 1, Box 3, CFT UCLA.

Legal scholars found no clear answer when they reviewed the 1960s social science evidence on the relationship between school cost and quality, much of it funded by the Ford Foundation. Arguing there was no time to waste waiting for one, John Coons and his co-authors of *Private Wealth and Public Education* regarded “the fierce resistance by rich districts to reform as adequate testimonial to the relevance of money.”<sup>98</sup> The Detroit and Los Angeles school boards had begun relying more and more on the Ford Foundation, whose midcentury modern headquarters were in Midtown Manhattan but whose endowment came from Detroit area auto plants. After the Detroit school finance case in 1968, Ford program officers strategized dozens of grants for school finance research, advocacy, and litigation over the next decade. Civil rights organizations had “not shown initiative in local and state school finance reform conversations” because they were “pre-occupied with desegregation questions.”<sup>99</sup>

From the start of its school finance grantmaking, Ford funded policy ideas rather than political action, looking to the courts for top down orders to end the discriminatory use of property taxes to fund schools. As a foundation, Ford funded different approaches to social problems. Yet, the ideas behind Ford’s public education grantmaking conflicted: should democracy be based on voting or participation? should schools be run by the community or experts? should legislatures volunteer or courts require school finance reform? Although the leadership of the Ford Foundation and the Ford Motor Company that endowed it diverged over time, the foundation carried forward a preference for making decisions through private economic choices rather than labor movement action.

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<sup>98</sup> Coons, Clune, and Sugarman, *Private Wealth and Public Education*, 30.

<sup>99</sup> Harold Howe II memo to McGeorge Bundy re grant out of appropriation to The National Urban Coalition, January 30, 1973, Folder National Urban Coalition Ford Grants, National Urban Coalition, Ford Foundation, RAC.

Founded as a tax dodge in 1936 when estate tax increases threatened the family automobile company, the Ford Foundation began disbursing national grants in the aftermath of postwar labor militancy.<sup>100</sup> When Edsel and Henry Ford's estates settled, the stock transfers were conservatively valued at \$451 million in 1951, more than double the value of the next largest endowment of a foundation (Carnegie) or a university (Harvard).<sup>101</sup> A study committee interviewed more than one thousand people about how to spend this money to fulfill the Foundation's "general purpose of advancing human welfare." While the Ford Motor Company violently fought unionism only a decade and a half before, the Ford Foundation now sought the "viewpoint of labor."<sup>102</sup> Acknowledging the psychological stresses of mass production, Henry Ford II's Ford Foundation searched for "new sources of satisfaction" for individuals beyond the "significance of their daily work."<sup>103</sup> Trustees approved five areas for action: world peace and a world order of law and justice, freedom and democracy, economic well-being and improved economic institutions, expanded educational facilities and methods and greater equality of educational opportunity, and the human and behavioral sciences. Rather than Henry Ford's prewar interest in fascism, the foundation aspired to liberalism.

The Ford Foundation was embedded in the new decision science tested in the defense industry and applied by civilian executives. Henry Ford II, who brought in U. S. Air Force analysts to rationalize the Ford Motor Company when he took control in 1945, soon set them loose on the Ford Foundation. Attorney H. Rowan Gaither, Jr., formerly of the National Resources Defense Counsel and MIT's Radiation Laboratory, then chair of the Rand Corporation, chaired Ford's study

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<sup>100</sup> Bott, "Private Foundation Activism."

<sup>101</sup> When the Ford Motor Company went public in 1956, the Foundation's stock further appreciated in value. Francis X. Sutton, "The Ford Foundation: The Early Years." *Daedalus* 116, no. 1 (1987): 41-91.

<sup>102</sup> Henry Ford II, Report of the Trustees of the Ford Foundation, September 27, 1950, 3, 5.

<sup>103</sup> Gaither Report, 16.

committee and presided as foundation president from 1953 to 1961.<sup>104</sup> As Rand spun off from Douglas Aircraft in 1948, Henry Ford II had given Gaither an emergency loan that turned into a grant totaling \$1 million.<sup>105</sup> When President Eisenhower commissioned a secret report on nuclear war preparedness in 1957, Gaither assembled a committee which imagined a missile gap, and recommended the defense spending decisions to close it be made by systems analysts rather than politicians. Thus, two Gaither reports made the Ford Foundation in a Cold War image.

The Ford Foundation remade managerial science to strengthen the economy. From 1953 to 1964, the Ford Foundation poured \$35 million into economics departments and business schools at universities like Columbia, Chicago, and Stanford that would become centers of school finance research.<sup>106</sup> During the 1950s, the foundation openly backed board member Frank Abram's campaign to encourage businessmen's voluntary donations to colleges and universities and a Fund for the Advancement of Education that bet on educational television.<sup>107</sup> Abrams, the chairman of Standard Oil of New Jersey, argued that managers had a "social responsibility" to balance claims of the public with those of stockholders, employees, and customers.<sup>108</sup> While the U.S. Chamber of Commerce emphasized voluntary business assistance to eliminate urban problems like crime, education, housing, and manpower, many of its ideas about community development and education modernization converged with the Ford Foundation's.<sup>109</sup>

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<sup>104</sup> Gaither took a part time role leading Ford's behavioral sciences portfolio in 1951. Amadae, *Rationalizing Capitalist Democracy*.

<sup>105</sup> Amadae, *Rationalizing Capitalist Democracy*, 35.

<sup>106</sup> Alongside these three, Harvard and Carnegie-Mellon received the bulk of Ford's money for business education. Khurana, *From Higher Aims to Hired Hands*.

<sup>107</sup> Ford trustee Frank W. Abrams, chairman of Standard Oil Company of New Jersey, led the Council for Financial Aid to Education.

<sup>108</sup> Abrams quoted in Jennifer Delton, "The Triumph of Social Responsibility in the National Association of Manufacturers in the 1950s" in Richard R. John and Kim Phillips-Fein, eds. *Capital Gains: Business and Politics in Twentieth-Century America* (Philadelphia, University of Pennsylvania Press, 2017), 184.

<sup>109</sup> Chamber of Commerce of the United States, Report to the President of the United States on the 1969 Urban Action Forums, Folder Urban Action Forums; Booth, Arch to Pres. Nixon, 1969, Box 59, Series IV, Chamber papers. What is the responsibility of business in modernizing education? Volume 1968, Box 91, Series IV, Chamber

The Ford Motor Company's executives and managers knew that politics as well as education led to business success. Henry Ford II sent thousands of Ford Motor Company employees to the U. S. Chamber's "Action Course in Practical Politics" to learn how to bring the business viewpoint into political life.<sup>110</sup> Various managers reported joining, donating to, or volunteering for a political party after their Chamber coursework. Quoted in a Chamber publication, Henry Ford II noted that the company used leaves of absence, rehire provisions, and recognition to "assist employees in taking on political assignments." The auto company created a parallel structure to the autoworkers' union precinct walkers who built the Democratic party. Henry Ford II, a member of the Business Group for Latin America, became increasingly involved in private contracting of international and domestic public policy. During the War on Poverty, Ford II chaired the National Alliance of Business, which directed federal funds to job training.<sup>111</sup>

In education and urban policy, Ford's educational philanthropy emphasized economic growth and econometric measurement.<sup>112</sup> The board included the Harvard Business School dean and Committee for Economic Development economist Donald K. David and investor Alfred Cowles, founder of the Cowles Commission for Economic Research that promoted a new subdiscipline of econometrics during the Great Depression.<sup>113</sup> Ideally, economists wanted to measure the value added by various educational inputs, like teachers, to student test scores. To model the role of schooling and training in economic production, Theodore Schultz and other

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papers. Forward Thrust: A Process for Mobilizing Total Community Resources, 1973, Volume 1973 A-H, Box 93, Series IV, Chamber papers.

<sup>110</sup> The Chamber program began in 1958 and Ford sent over 2,000 employees in 1961 alone. Action Course in Practical Politics, 1962, Volume 1961, Box 88, Section IV, R-Z, Chamber papers.

<sup>111</sup> Amy Offner, *Sorting out the Mixed Economy: The Rise and Fall of Welfare and Developmental States in the Americas* (Princeton, NJ: Princeton University Press, 2019).

<sup>112</sup> Amadae, *Rationalizing Capitalist Democracy*, 68.

<sup>113</sup> Carl F. Christ, "History of the Cowles Commission 1932-1952," in Cowles Commission, ed., *Economic Theory and Measurement: A Twenty Year Research Report* (Baltimore, MD, 1952), 3-65.

economists at the University of Chicago promoted the concept of human capital.<sup>114</sup> Schultz, a member of Ford II's study committee, continued to advise the foundation's economic programs.<sup>115</sup> Evidence on returns to education was mixed but believers in economic growth ranging from moderate business group the Committee for Economic Development to the National Education Association invested in human capital.<sup>116</sup> Resolution of a related claim, that more money led to better schools and thus more economic growth, awaited more descriptive data and more advanced regression methods to separate the effects of potentially causal inputs.

Foundation and federal investments made education research a knowledge industry. Foundation leaders entered the federal government to develop national education studies and tests and regional education research labs. The U.S. Office of Education-funded Project TALENT, a cross-sectional study begun in 1960, promised longitudinal data that could control for individual variation as its high school student subjects aged, improving upon "cost-quality studies" of previous decades.<sup>117</sup> Authorized by the Cooperative Research Act of 1954, the U.S. Office of

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<sup>114</sup> When they considered classroom education rather than school finance, economists thought of student outcomes in the theoretical terms of the neoclassical production function, which transformed inputs like capital and labor into output measured as goods. When the discipline transitioned from classical to neoclassical, economists dropped land as a factor of production, relying on a technology effect to explain residual returns. Neoclassical economists at the University of Chicago began to measure education as an input to technology through the concept of human capital. The Chicago school thus distanced itself from what I call the Columbia school of public finance, which resisted measuring education as an input and insisted taxation was separate from economic growth.

<sup>115</sup> Rakesh Khurana, *From Higher Aims to Hired Hands: The Social Transformation of American Business Schools and the Unfulfilled Promise of Management as a Profession* (Princeton: Princeton University Press, 2007).

<sup>116</sup> Johns and McLure, "Economics and Finance of Education." Moody used the variation between states in rate of investment in education and economic growth to determine there was no significant relationship between public education and the private economy. By contrast, Edward F. Denison's widely-cited 1962 study for the moderate business group the Committee for Economic Development found education contributed 23 percent of the US economic growth rate from 1929 to 1957. Following the human sciences, University of Chicago economist James Heckman recategorized the distinction between skilled and unskilled labor or basic skills and mental skills as cognitive and noncognitive skills. One of University of Chicago economics professor Theodore Schultz's graduate students, Gary Becker, who would return to teach at Chicago after beginning his career at Columbia, distinguished between human capital investments in schooling or training that accrued to individual students or workers or to institutional schools or firms. When Schultz, Becker and the human capital theorists estimated returns to education varying from 9 or 11 percent for college to 35 percent for elementary school they only calculated individual returns.

<sup>117</sup> For example, Educational Testing Service (ETS), responsible for achievement tests like the SAT and entrance exams like the GRE, researched the relationship between school characteristics and test scores during the 1950s. Controlling for student socioeconomic status, ETS found four characteristics—smaller class size and pupil-teacher



Education created educational research and development centers to apply, disseminate, and implement findings.<sup>118</sup> As with Elementary and Secondary Education Act Title 1 funds, the labs authorized under Title IV were distributed to reward congressional supporters.<sup>119</sup> U. S. Commissioner of Education Francis Keppel, the former Carnegie Corporation president and Harvard Graduate School of Education dean, commissioned Stanford's Center for Advanced Study in Behavioral Sciences to write the National Assessment of Educational Progress (NAEP), an achievement test that has been an important source of information on urban school performance since the late 1960s. Ford had founded Stanford's center, and Carnegie funded the NAEP test development.<sup>120</sup>

As education research proliferated, policymakers disagreed over what it meant. The Civil Rights Act of 1964 produced the study with the most lasting impact, sociologist James S. Coleman's "Equality of Educational Opportunity." Coleman's 1966 report was publicized as evidence of the importance of family and community rather than school for students. When U.S. Commissioner of Education Harold Howe II and other federal officials were reluctant to explain the controversial work in progress, U.S. Senator Daniel Patrick Moynihan encouraged Coleman to

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ratio and larger special staff and instructional expenditures per student—increased scores. However, these “cost-quality studies” did not control for the full range of student differences that could impact the effect of school finance. See the cost-quality citations in Ch. 4 School Services and Pupil Performance of James W. Guthrie, Robert T. Stout, Henry M. Levin, and George B. Kelindorfer. *Schools and Inequality* (Cambridge, MA.: Massachusetts Institute of Technology, 1971). Ethan L. Hutt, ""Seeing Like a State" in the Postwar Era: The Coleman Report, Longitudinal Datasets, and the Measurement of Human Capital." *History of Education Quarterly* 57, no. 4 (01/2017): 615-25.

<sup>118</sup> The U.S. Office of Education began planning for R&D centers in 1962. Simon-McWilliams, 2007. USOE-Funded Research and Development Centers: An Assessment," *Journal of Research and Development in Education* 1:4 (Summer 1968). Lagemann, *An Elusive Science*.

<sup>119</sup> R & D centers established in 1963? Title IV of the 1965 ESEA amended the 1954 Cooperative Research Act. 20 R & D centers and RELs were initially funded, although this number diminished over time. Dershimer, 1976 cited in Simon-Williams, 2007.

<sup>120</sup> Keppel took over as president of the Carnegie Corporation in 1923 from acting president Pritchett, who had criticized Strayer and Haig for ignoring the quality of education in their focus on funding equalization. <https://www.carnegie.org/about/our-history/past-presidents/>. Bott, "Private Foundation Activism."

disseminate his findings in *The Public Interest*.<sup>121</sup> Due to what foundation leaders called “the Moynihan problem,” referring to the Senator’s purported “reverification” of Coleman’s data about the limits of school effects, Ford needed to fund another round of education research before it could reform school finances.<sup>122</sup> For half a century, economists have disputed the Coleman Report’s conclusion that more money did not improve schools in the pages of the *Journal of Human Resources*.<sup>123</sup>

In 1969, the Ford Foundation funded a new causal study by California researchers to persuade the Michigan government to give more aid to school districts like Detroit’s.<sup>124</sup> Aiming to link school money to educational services to student and career performance, *Schools and Inequality* randomly sampled school districts, plus Detroit, and applied inferential techniques to data published in the 1966 Thomas study for the Michigan state legislature and the national Coleman report.<sup>125</sup> Confirming what many suspected, the study authors found that the poorer the

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<sup>121</sup> Ellen Condliffe Lagemann, *An Elusive Science: The Troubling History of Education Research* (Chicago: University of Chicago Press, 2000).

<sup>122</sup> Then a Ford vice president, Howe did acknowledge the usefulness of Coleman’s conclusions that small and medium size increases in “school inputs” were not as important and family and society were to student outcomes. Mentioning the importance of schooling’s non-cognitive effects, Howe praised Samuel Bowles as “the first economist I have encountered with a real feel for psychological concerns.” Harold Howe II to James Kelly re Your paper on “The Decade of Reform in Educational Finance”, March 23, 1972, FA 538, Series 1, Box 1, Harold Howe II Chron Corr 1972, RAC.

<sup>123</sup> Henry Levin, who for years after began his Teachers College school finance course arguing Coleman used the wrong unit of analysis by measuring districts not schools, joined forces with Samuel Bowles who revealed problems with the regression’s order of operations to refute the influential report’s conclusion that home and community factors outweighed any school impacts. Bowles and Levin wrote a variety of critiques of the Coleman report, most prominently in the new applied microeconomics *Journal of Human Resources*, which attacked the simplistic construction of variables, their aggregation and averaging, and their intercorrelation. In more recent years, Northwestern University economist Kirabo Jackson and co-authors analyzed the results of school finance equalization and found that increased spending on smaller class sizes, higher teacher salaries, and more school days improved education—measured as high school graduation rates and educational attainment—and career outcomes—individual earnings and family incomes. Jackson is now editor of the *Journal of Human Resources*. On Levin’ TC course, Interview with Marian Bott, October 24, 2019. C. Kirabo Jackson, Rucker C. Johnson, and Claudia Persico, “The Effects of School Spending on Educational and Economic Outcomes: Evidence from School Finance Reforms,” *NBER Working Paper* No. 20847 (January 2015): 1-81.

<sup>124</sup> Ibid. previewed in James W. Guthrie, George B. Kleindorfer, Henry M. Levin, and Robert T. Stout. "Dollars for Schools: The Reinforcement of Inequality." *Educational Administration Quarterly* 6, no. 3 (1970): 32-45.

<sup>125</sup> The Coleman report used data from the 1965 U.S. Office of Education Equality of Educational Opportunity Survey. At the same time desegregation cases brought attention to the particular role of race in schools, these social scientists were strangely agnostic between using race or class in their model, picking socioeconomic status because there was

school district, the fewer and lower quality the school services.<sup>126</sup> Four professors, two already working on foundation projects, and two affiliated with Stanford University who would become frequent Ford collaborators, co-authored *Schools and Inequality*.<sup>127</sup> The most prominent among them, Henry Levin, received a Ph.D in economics and is to this day both a critic of the Coleman report's methodology and also an advocate of privatization. The quantitative consultant had received a Ph.D. at Carnegie-Mellon, a new business school whose reputation Ford grants established.<sup>128</sup>

Ford funded the study with a \$200,000 grant to the Detroit school board supervised by Dr. James A. Kelly at the National Urban Coalition. An adjunct professor at Teachers College, Kelly had researched educational expenditures as a graduate student in Stanford's School of Education.<sup>129</sup> Years later from his home in suburban Detroit, Kelly recalled that National Urban Coalition president John W. Gardner had asked his future employer the Ford Foundation for money to "do a study in Michigan to see if there was a basis for a lawsuit."<sup>130</sup> A preview of school finance grantmaking to come, the early Michigan study prioritized management and economic expertise and was administered by a third party. While the *Schools and Inequality* authors hoped their work

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better data available. When the authors ranked school districts, the significance of socioeconomic status in determining local revenue per pupil jumped out for the wealthiest quartile of schools.

<sup>126</sup> Michigan interdistrict disparities ranged from supplies and services to courses and curriculum; interschool disparities were about personnel; interstudent about building type. Rather than equalizing differences in local school property taxes, state and federal aid maintained or exacerbated funding inequality.

<sup>127</sup> Director of the Urban Education Program at the University of Chicago, Guthrie received his Ph.D. from Stanford University's School of Education, where Levin was a professor. Stout coordinated Ford's Administrator Training Program at the Clairmont Graduate School.

<sup>128</sup> Kleindorfer, a lecturer at Berkeley's School of Education, consulted for Ford on quantitative analysis. "Back Matter," *Management Science*, vol. 22, no. 3, 1975, 387-389.

<sup>129</sup> H. T. James, James A. Kelly, and Walter I. Garms, *Determinants of Educational Expenditures in Large Cities of the United States* (Stanford: Stanford University School of Education, 1966).

<sup>130</sup> Quote from Bott interview with Kelly, April 6 and 8, 2010 at his home in Grosse Pointe, MI in "Private Foundation Activism," 115. The study wasn't completed until after the labor-liberal Detroit Board of Education's moment had passed, but was used in the 1971 lawsuit *Milliken v. Green*, or *Governor v. State Treasurer*.

would set an example of useful research for courts and legislatures, they had to assure Ford its money would not fund litigation.<sup>131</sup>

As Ford's leadership shifted from business executives to public officials, the foundation's investments in cities both shaped and were shaped by the War on Poverty's public-private approach. With the Great Cities School Improvement Program, the foundation transitioned from investing in education for national security to education for urban peace.<sup>132</sup> This compensatory education program for large city school districts, piloted in several Detroit schools in 1959 with the support of the city's Board of Education and the Ford Foundation, supported those whom it considered "underprivileged" students inside and outside the classroom.<sup>133</sup>

As the Great Cities program made its way into federal Model Cities legislation and back to Detroit and Los Angeles, Ford used the newly established bureaucracy of the Great Society in the states.<sup>134</sup> The U.S. Office of Economic Opportunity's Office of Legal Services, founded in 1965, assembled advocacy lawyers who later filed school finance suits in state courts. During the 1960s, the foundation and its grantees shared programming goals and budgeting technologies with the Johnson administration's expansion of government through private contracts.<sup>135</sup> After five years

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<sup>131</sup>A former classmate of Kelly's at Stanford, James W. Guthrie submitted a proposal on March 28, 1969 and Ford made the grant on June 3, 1969. Bott, "Private Foundation Activism," Guthrie et. al., *Schools and Inequality*, 1971.

<sup>132</sup>Ford official Edward J. Meade, Jr. credited Ford's support of the Great Cities School program as a predecessor to the Elementary and Secondary Education Act. Bott, "Private Foundation Activism." Betty DeRamus, "The Constant Search: The Story of Federal Aid to Detroit Schools" (1968), Box 1, Folder 5, Kathleen Straus Papers, Reuther Library.

<sup>133</sup>Mirel, *Rise and Fall*, 257.

<sup>134</sup>Later, the DFT got Detroit Public Schools superintendent Drachler to suspend visits from Model Cities review teams. "Model Cities Project Spurns DFT Assistance," *Detroit Teacher* 30 (4), November 16, 1970, 1.

<sup>135</sup>The Johnson administration and Ford Foundation shared personnel including former U.S. Commissioner of Education Harold C. (Doc) Howe and former Secretary of Health, Education, and Welfare John W. Gardner. S. M. Amadae argues Rand's signature Planning-Programming-Budgeting approach spread from the defense industry to the Johnson administration, where it remade the field of public administration into public policy. By 1970, three-quarters of school districts used or considered Planning-Programming-Budgeting. Offner, *Sorting Out the Mixed Economy*, 189.

advising presidents on escalating the Vietnam War, McGeorge Bundy took charge as Ford Foundation president in 1966.

Under Bundy, Ford grants challenged the social order with programs for political participation. As Karen Ferguson argues, the Ford Foundation turned from funding desegregation for assimilation in the 1950s to financially backing the core organizations of the Black power movement in the 1960s.<sup>136</sup> The foundation attempted to change education from the ground up by giving the community control through local school boards. After the 1968 controversy over the Ocean Hill-Brownsville Governing Board and the 1969 Tax Reform Act ban on legislative lobbying by tax-exempt private foundations, Ford backed away from grassroots politics and voter registration, forcing some grant recipients “underground.”<sup>137</sup>

Ford focused on public education, recruiting an experienced staff of educators and administrators while questioning the effectiveness of their past policies. Traditionally Ford had defined education as higher education but with one of every two or three citizens forecast to be involved in public education, in the summer of 1968, program officer Edward Meade Jr. pushed for a separate program.<sup>138</sup> Months later, Ford appropriated \$4 million for work on education in big cities, initially New York and Philadelphia, and potentially Minneapolis, San Francisco, Hartford, Indianapolis, Huntsville, and Detroit.<sup>139</sup> After President Nixon promised to fire the U.

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<sup>136</sup> Karen Ferguson, "Organizing the Ghetto: The Ford Foundation, Core, and White Power in the Black Power Era, 1967-1969." *Journal of Urban History* 34, no. 1 (2007): 67-100. Karen Ferguson, *Top Down: The Ford Foundation, Black Power, and the Reinvention of Racial Liberalism* (Philadelphia: University of Pennsylvania Press, 2013). Noliwe Rooks reveals Ford's financial support for the establishment of Black Studies on college campuses. Noliwe M. Rooks, *White Money/Black Power: The Surprising History of African American Studies and the Crisis of Race in Higher Education* (Boston: Beacon Press, 2006).

<sup>137</sup> Bott. Allan C. Brownfield, *The Financiers of Revolution: A Special Study of How Foundations and Organizations Are Using Federal "Tax Exemption" Laws to Promote Political and Social Upheaval in America*. Wilcox Collection of Contemporary Political Movements. The University of Kansas Libraries, Kenneth Spencer Research Library.

<sup>138</sup> Edward J. Meade, Jr. to Mr. Bundy, August 20, 1968, FA 617, Serie 1 SSA, Box 1, Folder 15, RAC.

<sup>139</sup> Edward J. Meade, Jr. to F. Champion Ward re Summary of Meeting on Education in Urban Areas, September 26, 1968, FA 617, Series 1 SSA, Box 1, Folder 15, RAC.

S. Commissioner of Education who oversaw implementation of desegregation orders and also federal aid, Ford hired Doc Howe as vice president of its Education and Research Division.<sup>140</sup> At the same time, researchers from Syracuse University received Ford funds to show that Elementary and Secondary Education Act funds were responsive to the power of individual members of congress rather than students' needs.<sup>141</sup> Nonetheless, disparities in per pupil funding prompted Ford to plan for school finance reform with a white paper in the fall, and program officer James Kelly's arrival the next spring.<sup>142</sup>

While the foundation's nearly \$30 million in grants was the "driving force" behind school finance reform, Ford's public engagement strategy depended on the perception that organizations acted independently.<sup>143</sup> When Meade began convening an annual meeting of foundations to informally stimulate grantmaking in the field of public education, he was careful to avoid the image of "big brother" Ford, alternating as host with officials from Danforth and Kettering.<sup>144</sup> The Carnegie Corporation, John Hay Whitney Foundation, Kettering Foundation, and Rockefeller Foundation contributed funds to school finance reform.<sup>145</sup> However, these active foundations were a small portion of the thirty total attending Meade's annual meeting. The federal government followed the foundation's policy lead. The new National Institute of Education, with no other than school finance scholar Arthur Wise as assistant director, and the U.S. Office of Education's School Finance Task Force contributed too.<sup>146</sup>

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<sup>140</sup> Bott, "Private Foundation Activism."

<sup>141</sup> Bott, Ch. 1 in "Private Foundation Activism."

<sup>142</sup> FY 1970-71 program and budget paper dated September 1969. Harold Howe II Memorandum for the Trustees, March 13, 1974, Virtual Vault Reports, RAC.

<sup>143</sup> Peggy Caldwell, "Ford Phases Out School-Finance-Reform Grants", *EducationWeek*, 14 September 1981

<sup>144</sup> The meetings began six years before the letter. Edward J. Meade, Jr. to McGeorge Bundy re Meeting of foundation officials on public education, November 1, 1974, FA617, Series 1 SSA, Box 1, Folder 16, RAC.

<sup>145</sup> Fritz Mosher of the Carnegie Corporation was a particularly invested collaborator.

<sup>146</sup> James A. Kelly, "Program Strategies in Educational Finance," October 10, 1973, FA 538, Series 2, Box 2, PE-Gen 1971-1976, RAC. Kelly, *Reforming the Economics of Public Education*, 17.

Hundreds of Ford grantees carried out research, advocacy, and legal work for school finance equalization.<sup>147</sup> Early on, Ford program officer Meade discussed a state aid formula to increase urban school funding with researchers at Syracuse's Maxwell School.<sup>148</sup> From the beginning, Ford considered public and private funding mechanisms. In 1970, Ford backed both the vouchers under study at Stanford and "ability to pay" tuition at the Manhattan Country School.<sup>149</sup> After a 1971 internal grant to "develop and refine program strategy and activities," Ford funded research and training by Rand and various university centers and institutes, state legislatures or citizens committees and commissions, outreach to minorities by the National Urban Coalition and to the public by the League of Women Voters.<sup>150</sup> The two city-specific grants went to New Detroit, Inc. and the Los Angeles Board of Education. With the Council of Great City Schools, the Los Angeles school board developed a "school finance information system." Ford was also interested in a system of standardized testing, establishing a Center for Statewide Educational Assessment at the Educational Testing Service.<sup>151</sup> Alongside a sprawling Child and

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<sup>147</sup> Bott counted 200 grantees and \$27 million dollars while *EdWeek* counted 100 grantees and \$30 million dollars. These grantees included litigators, good government advocates, expert witnesses, technical assistants, state legislators, and graduate students. Quoted in Peggy Caldwell, "Ford Phases Out School-Finance-Reform Grants", *EducationWeek*, 14 September 1981. Michael Kirst, "A Tale of Two Networks: The School Finance Reform versus the Spending and Tax Limitation Lobby," *Taxing & Spending* (Winter 1980): 43-49.

<sup>148</sup> Steve Baily and Scotty Campbell. Meade to Bundy and Ward, February 28, 1969.

<sup>149</sup> Stanford University received a grant to support "analysis of the economics of educational voucher plans" in fiscal year 1970. Appendix B Ford Foundation Grants Related to Educational Finance and Governance, 1, Confidential For Internal Use Only Information Paper Reforming the Economics of Public Education, Prepared for the Board of Trustees, The Ford Foundation, March 1974, Virtual Vault Reports, RAC.

<sup>150</sup> List from *ibid* as of March 1974. The National Academy of Education received funding in 1972 for anthropology and education in addition to the economics and financing of education. Syracuse's Maxwell School, Columbia's Teachers College, Stanford, and the University of Chicago all received funds for economics of education training programs. Rand, Stanford, Harvard, and USC received grants for specific studies. Rutgers got money to assist state legislatures. The Ford Foundation funded citizens commissions in Florida and Maryland, where a variety of state taxes were proposed to increase per pupil funding to that of the highest spending district, and state legislatures like Oregon's to draft legislation. Ohio and Minnesota leaders also considered centralizing school finance at the state, and even Ronald Reagan supported California property tax reform. Mike Bowler, "Wills panel back school-tax shift," *The Sun*, December 14, 1971, A1. Harold Howe II, "Anatomy of a Revolution," *The Saturday Review*, November 20, 1971, Box 1, Governor Milliken Ed. Program Folder, Mary Ellen Riordan Papers, Reuther Library.

<sup>151</sup> A copy of the Michigan Educational Assessment Program made it to Kelly in 1972. In 1974, Kelly reported 20 tests were in development. FAP School Finance Reform Correspondence 1970-1973, RAC. Kelly, Reforming the Economics of Public Education.

Government program at the University of California, Berkeley, Ford's largest grant went to the Lawyers' Committee for Civil Rights Under the Law.

The foundation pursued two school finance strategies: supporting groups reforming discriminatory school finance and building "intellectual strength."<sup>152</sup> While Kelly had supervised educational researchers while at the National Urban Coalition, at Ford, Kelly intentionally situated school finance reform outside schools of education, full of scholars he called "traditionalists" publicly and "soft, under-trained, and quite ignorant" privately.<sup>153</sup> Housed in education, law, and public policy schools, Ford funded graduate programs to train school finance reformers, including women and racial minorities, at the University of Chicago, the University of California, Berkeley, Columbia University, Stanford University, Syracuse University, and Rutgers University.<sup>154</sup> The Ford Foundation, Kelly insisted, had the "good sense and the institutional modesty *not* to tell" the "first-rate minds from laws, political science, and economics" its grants funded "what to think."<sup>155</sup> As long as researchers shared the goal of "equitable" school finance, Ford's epistemological preference was to be "scrupulously neutral" among their proposals.<sup>156</sup> Frequently, staffers noted the breadth of grantees' ideologies and politics.<sup>157</sup>

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<sup>152</sup> James A. Kelly, Looking Back, Moving Ahead: A Decade of School Finance Reform pamphlet from May 11-15, 1980 conference *The Politics of Equity: Education Finance, State-Local Taxes, and Children's Services* in San Antonio, Texas, FA1304, Series 1, Box 12, Folder 80, RAC, 5.

<sup>153</sup> James A. Kelly, School Finance: The Rising Tide of Reform, remarks at the Institute for Chief State School Officers, South Padre Island, Texas, August 1, 1978, FA 1304, Series 1, Box 95, Folder 1129, RAC. James A. Kelly, "Some Background Notes on the Financing of Public Education," October 10, 1973, FA 538, Series 2, Box 2, Folder PE-Gen 1971-1976, RAC.

<sup>154</sup> New networks of scholars in school finance included economists Samuel Bowles, Herbert Gintis, Henry Levin, Robert Hartman, Robert Reischauer, Dick Netzer, Charles Benson, Jerry Miner, Jesse Burkhead, David Stern, Robert Mnookin, John Coons, Stephen Sugarman, David Kirp, Betsy Levin, Lawrence Tribe; political scientists Alan Campbell, Donna Shalala, Michael Kirst, Lawrence Pierce; educational policy scholars James Guthrie and Alan Thomas. Project Directors, Ford-Foundation-Supported Projects Concerning School Finance and Related Fields, Series 4, Box 9, Folder 37, RAC. Kelly, Reforming the Economics of Education.

<sup>155</sup> Ibid.

<sup>156</sup> James A. Kelly, Confidential For Internal Use Only Information Paper Reforming the Economics of Public Education, Prepared for the Board of Trustees, The Ford Foundation, March 1974, 27, Virtual Vault Reports, RAC.

<sup>157</sup> For example, urging Berkeley's Child Development and Government project not to minimize disagreements among researchers.



While Ford program officer Jim Kelly believed that he had funded a network not a movement, the reformers described their work with the zeal of movement organizers. Kelly took pride in his selection of school finance scholars: they had “taken over the field...because they were smarter and better educated and...could make the case better with governors and state legislators...and...could be better expert witnesses with better research when these cases...went to trial.”<sup>158</sup> A Stanford undergraduate who became a school finance lobbyist for the League of Women Voters, one of Ford’s grantees, titled her Teacher College dissertation “Private Foundation Activism in the Early School Finance Equalization Movement.” In the “highly-charged but often contentious intellectual environment” of school finance reform, this lobbyist observed, scholars traveled, researched, strategized, and advocated to the point of fatigue.<sup>159</sup>

The reformers had backgrounds more like Ford’s school finance program officer: a short career as a teacher and administrator, international public service, doctoral education at Stanford, and policy experience.<sup>160</sup> Kelly, who received his B.A. from Shimer College during its affiliation with the University of Chicago, stayed on for a master’s degree from 1954 to 1956. After an undergraduate great books curriculum, Kelly studied history and education but given his lifelong admiration for economics, surely familiarized himself with Theodore Schultz’s human capital theory and Milton Friedman’s education voucher proposal while in Hyde Park. Kelly credited Schultz with launching the economics of education field in the late 1950s.<sup>161</sup> Later, Kelly put

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<sup>158</sup> Quoted in Bott, "Private Foundation Activism," 199.

<sup>159</sup> Some burned out scholars left the field. Joel S. Berke died young. Bott, "Private Foundation Activism," 295.

<sup>160</sup> Upon graduation from the University of Chicago in 1956, Kelly was a teacher then administrator in Ladue, Missouri before working for two years in Pakistan on assignment from Indiana University’s School of Education and then starting his Stanford PhD in 1963. After receiving his doctorate in 1966, Kelly worked for the National Urban Coalition from 1968 to 1969, concurrently served on the project board of the National Educational Finance Project from 1968 to 1971, and began an adjunct professorship at Teachers College in 1970. FA 743, Series 2, Box 6, Folder Staff Bios K, RAC.

<sup>161</sup> Schultz also worked in school finance, developing a method to calculate imputed value of depreciation and interest for public school construction. Kelly, Confidential...Reforming the Economics of Public Education. James

Becker's book *Human Capital* on a school finance conference reading list, and had Schultz himself facilitate a panel on education and income.<sup>162</sup> After courts dismissed Wise's theory of educational need, Ford turned to the discipline of economics already central to its grantmaking.

### **The Bible of School Finance Reform, or School Choice?**

Considering whether to publish the “bible” of school finance reform, Harvard University Press predicted the manuscript *Private Wealth and Public Education* would “play a major role” in the U. S. Supreme Court's deliberations on the constitutionality of unequal property taxes due to its “intrinsic merits” and “the fact that there is little else out.”<sup>163</sup> John Coons, William Clune III, and Stephen Sugarman presumptively dedicated their book to “nine old friends of the children.” The legal scholars dismissed what else was out there in the “spawning” literature on school finance reform as “utopian reforms” or “utter immobility.”<sup>164</sup> As Coons wrote to a professor and funder at Yale Law School, he had “been active in the effort to restructure the litigation that started so badly in Detroit and Chicago.”<sup>165</sup> Indeed, pre-publication copies of *Private Wealth and Public Education* and other work by Sugarman circulated among Detroit lawyers.<sup>166</sup>

The legal scholars John Coons, William Clune III, and Stephen Sugarman singled out California and Illinois as “the most promising places to start,” coyly assuming that “litigation was

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A. Kelly, “Some Background Notes on the Financing of Public Education,” October 10, 1973, FA 538, Series 2, Box 2, Folder PE-Gen, 1971-1976, RAC.

<sup>162</sup> Suggested Readings for Discussion Groups, Series 4, Box 9, Folder 37, RAC. List of Participants, Ford Foundation-Sponsored Conference on the Political Economy of Education, Silverado, Napa, California—October 30-November 2, 1974, Series 4, Box 10, Folder 38, RAC.

<sup>163</sup> Memo re Coons, Sugarman, Clune mss., January 2, 1969, FA 407, Series 1, Box 33, Folder 345, Taconic Foundation, Rockefeller Archive Center (hereafter RAC).

<sup>164</sup> John E. Coons; William H. III Clune; Stephen D. Sugarman, “Educational Opportunity: A Workable Constitutional Test for State Financial Structures,” *California Law Review* 57, no. 2 (April 1969): Footnote 2, 309.

<sup>165</sup> John Coons to John Simon, January 13, 1971, FA 407 Series 1, Box 33, Folder 345, Taconic Foundation, RAC.

<sup>166</sup> Abraham L. Zwerdling, “Detroit's Fight for Equal Educational Opportunity,” paper presented at the 29<sup>th</sup> Annual Meeting of the National School Boards Association, Miami Beach, Florida, April 12-15, 1969, ERIC EA 002 256.

planned for such a state.”<sup>167</sup> These happened to be the two states where Coons and Sugarman taught. Coons had first learned of education spending disparities when he wrote a report for the U.S. Commission on Civil Rights about racial discrimination in Chicago schools.<sup>168</sup> Professor Coons and his students Clune III and Sugarman, who met at Northwestern on the North Shore of Chicago, objected to their South Side colleague Arthur Wise’s equal protection approach under the fourteenth amendment to the U.S. constitution because state constitutional provisions for education did not create “federally enforceable rights.”<sup>169</sup> As they sought foundation grants from Ford and others, and secured professorships at the University of California, Berkeley, Coons and Sugarman proposed a new legal standard for school finance equalization. In contrast to the earliest school finance suits to meet the educational needs of minority students in Detroit and other cities, the new cases modeled on *Serrano v. Priest* advanced a needblind and colorblind principle of rewarding local tax effort.

In August 1971, the California State Supreme Court’s *Serrano* opinion that local school property taxes were unconstitutional wealth discrimination threatened to upend school finance across the country. The Western Center for Law and Poverty located in the Watts neighborhood of Los Angeles and directed by former NAACP counsel and future legal scholar Derrick Bell had adopted the NAACP’s approach to advocacy lawyering: Bell found plaintiff John Serrano, who had moved his sons to a middle-class suburb of Los Angeles for better schools, and filed suit in August 1968.<sup>170</sup> After Illinois and California district courts dismissed the Detroit school finance case’s “educational need” standard as “nebulous” and “vague,” the Western Center for Law and Poverty brought in University of California, Berkeley law professors John Coons and Stephen

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<sup>167</sup> Coons, Clune, and Sugarman, *Private Wealth and Public Education*, 435.

<sup>168</sup> Davies, *See Government Grow*.

<sup>169</sup> Coons, Clune, Sugarman, *Private Wealth and Public Education*, Footnote 1, 395.

<sup>170</sup> The Western Center for Law and Poverty received U.S. Office of Economic Opportunity funding.

Sugarman to refile on new grounds.<sup>171</sup> Beginning with California, dozens of courts adopted the legal scholars' formula for distributing state subsidies to school districts based on local taxing effort—"District Power Equalizing"—as a legal standard during the 1970s.<sup>172</sup>

Coons, Clune, and Sugarman began *Private Wealth and Public Education* with a "simple formula with modest aspiration" that they termed Proposition 1: "The quality of public education may not be a function of wealth other than the wealth of the state as a whole."<sup>173</sup> Recent state aid formulas by economists and educators improved on the traditional foundation program, which allowed low minimum per pupil spending. However, if local property wealth varied depending on whether a school district included industrial plants or residential homes or family farms, then equal tax rates produced unequal revenue in different places. The legal scholars wanted to give school districts equal power to fund school budgets through variable state subsidies. Coons and his co-authors called this legal standard that the same local tax rate should return the same tax revenue, from combined local and state sources, "fiscal neutrality." Despite their glib commentary on the literature of educational administration, what the lawyers proposed was an old idea of "demonstrated interest," first formulated at the behest of New York agricultural groups in 1922 to standardize the amount of state aid school districts received for a given tax effort.<sup>174</sup>

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<sup>171</sup> McInnis 1968 "nebulous." Serrano 1969 "vague." <> Serrano v. Priest, Gen. Civ. No. 938254 Super. Ct., Los Angeles Cty. Cal., filed Aug. 1968, complaint dismissed Jan. 8, 1969. Davies, "The Road to Serrano" in *See Government Grow*. UCLA law professor and former HEW attorney Hal Horowitz brought what Davies calls a "kitchen sink" approach to the Serrano case after Sidney M. Wolinsky, a volunteer at the poverty law center and partner at a Beverly Hills firm. Davies claims Bell met plaintiff John Serrano at a cocktail party. The Ford Foundation awarded a travel and study grant to Wolinsky in 1973 when he was associated with Public Advocates, Inc. and analyzing children's constitutional rights. James Kelly, Appendix B Ford Foundation Grants Related to Educational Finance and Governance in "Reforming the Economics of Public Education."

<sup>172</sup> After a trial and appeals, the state legislature only passed Serrano-compliant school finance legislation in 1976.

<sup>173</sup> Coons, Clune, and Sugarman, *Private Wealth and Public Education*, 2.

<sup>174</sup> Contemporary school finance textbook authors claim district power equalizing built on the work of Harland Updegraff. Coons, Clune, and Sugarman were more interested in the state of school finance in the 1960s than the details of its long history. While Updegraff appears nowhere in *Private Wealth and Public Education*, with their simplification of the history of ideas about state aid, it seems likely that the legal scholars read Berkeley economist Charles S. Benson's interpretation of Ellwood T. Cubberley, Strayer, Haig, and Strayer student Paul R. Mort rather than the original texts. These authors developed school finance formulas in New York, a state with both the income

*Private Wealth and Public Education* proposed two state aid formulas: “District Power Equalizing,” cited by amicus curiae briefs in court cases like *Serrano*, and “Family Power Equalizing” for educational allowances to individual students. The former proposed to allocate state aid to public school districts based on the effort they made to raise taxes locally. The latter proposed to grant parents a voucher to enroll their child in any public or private school of their choice. Thus, the lawyers who provoked the most significant change in education spending in half a century also advocated Milton Friedman’s libertarian ideas. In 1978, Coons and Sugarman published *Education by Choice: The Case for Family Control* with a foreword by sociologist James S. Coleman advocating school tuition vouchers.<sup>175</sup> Coleman, the previous decade’s most famous skeptic that more money for schools could make a difference for students, wrote essentially the same foreword for *Private Wealth and Public Education* in 1970.<sup>176</sup>

Ford’s school finance program officer James Kelly later admitted that he did not know whether legal theorists Coons and Sugarman used their Ford grants to work on school finance or school vouchers—Ford had invested in independent scholarly minds and intellectual

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and sales tax, which became a model for American states without one or either. Columbia University, with its preeminent Teachers College of the same name and its leading economics department promoting redistributive taxation, trained and employed scholars who proposed two competing ways to equalize educational opportunity, by rewarding local effort or by guaranteeing a minimum foundation. Though today established with its own specialty journals and courses as a discipline of education, I argue school finance has roots in progressive economics. Columbia University economist Robert Murray Haig tested school taxes for equalization in New York with frequent co-author George D. Strayer of Teachers College. Strayer and Haig’s 1923 report “The financing of education in the state of New York” proposed applying the richest school district’s local tax rate in every other district, and letting the state make up the difference in tax revenue to provide a satisfactory minimum, which followers called the foundation program. Strayer and Haig critiqued the formula of University of Pennsylvania professor Harlan Updegraff, an alumnus of the Teachers College master’s program, for its reliance on local “effort.” Harlan Updegraff, *Rural School Survey of New York State: Financial Support* (Ithaca, NY, 1922). Strayer and Haig, 1924, Footnote 1, 175. Deborah A. Verstegen and Robert C. Knoepfel, “From Statehouse to Schoolhouse: Education Finance Apportionment Systems in the United States.” *Journal of Education Finance* 38, no. 2 (2012): 145-66.

<sup>175</sup> See Davies on how Coleman changed his mind about the rest of his introduction to *Private Wealth and Public Education*. Gareth Davies, *See Government Grow: Education Politics from Johnson to Reagan* (Lawrence, KS: University Press of Kansas, 2012).

<sup>176</sup> Coleman grew increasingly skeptical of school finance reform. Walsh, *Racial Taxation*.

community.<sup>177</sup> Internally, however, Kelly described a 1970 grant to Stanford University as “Support for an analysis of the economics of educational voucher plans.”<sup>178</sup> Vouchers were a controversial experiment in education economics. Harvard Center for the Study of Public Policy executive director Christopher Jencks, whose influence Ford hoped to counter, wrote a voucher plan that President Nixon’s Office of Economic Opportunity experimented with in Alum Rock, CA.<sup>179</sup> A scholar Ford backed for the better part of a decade contributed too. Bragging to another funder, Coons wrote that his 1969 statute, renamed the Family Choice in Education Act, “had significant (though, in my view, insufficient) influence on the later proposals supported by the O.E.O.”<sup>180</sup>

Earlier than scholars realize, Coons completed his self-described journey from “desegregation through integration, through fiscal discrimination, and into planning for radical restructuring of urban education through vouchers.”<sup>181</sup> At the end of 1968 as he sought funding to turn his idea of “Family Power Equalizing” into an article “and perhaps a model statute,” Coons proposed to spend a summer reading literature on decentralization, subsidiarity, and “the mutually competing literatures of Friedman and Keynesian schools on the role of government in education.”<sup>182</sup> As the Taconic Foundation noted while reviewing another grant proposal a few months later: “If time permits he would also work out a similar model for equalizing fiscal power

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<sup>177</sup> In addition to the Ford Foundation, whose support Marian Bott notes Coons, Clune, and Sugarman did not acknowledge, the legal scholars received funds from the Russell Sage Foundation and the Taconic Foundation. Davies, *See Government Grow* on Russell Sage. John E. Coons to John Simon, November 14, 1968, FA 407 Series 1, Box 33, Folder 345, Taconic Foundation, RAC.

<sup>178</sup> Kelly, Appendix B Ford Foundation Grants Related to Educational Finance and Governance to “Reforming the Economics of Public Education,” 1.

<sup>179</sup> Howe hoped funding Andy Greely’s team of researchers could be “a useful antidote to Jencks.” Harold Howe II to James A. Kelly, October 18, 1973, FA 538, Serie 1, Box 1, Folder Harold Howe II Chron Corr 1973, RAC. James Mecklenburger, “Vouchers at Alum Rock.” *The Phi Delta Kappan* 54, no. 1 (1972): 23-25.

<sup>180</sup> John Coons to John Simon, January 13, 1971, FA 407, Series 1, Box 33, Folder 345, Taconic Foundation, RAC.

<sup>181</sup> John Coons to John Simon, January 13, 1971, FA 407 Series 1, Box 33, Folder 345, Taconic Foundation, RAC.

<sup>182</sup> John E. Coons to John Simon, November 14, 1968, FA 407 Series 1, Box 33, Folder 345, Taconic Foundation, RAC.

among school districts as compared to equalizing among parents.”<sup>183</sup> Thus, Coons, Clune, and Sugarman constructed the idea of “fiscal neutrality” from their reading of the economics of education and the philosophy of subsidiarity, by which they meant choice and control.

In addition to vouchers, economic ideas like free enterprise and competition supported the legal scholars’ analysis of school finance. In a philosophical mode, they recognized the potential contradiction between values of equality, opportunity, individualism, mobility, preparedness, and subsidiarity. Taken to opening chapters with quotations from literary men, and footnoting Plato and Aristotle alongside American pedagogues Horace Mann and John Dewey, the legal scholars staked their expertise on their erudition. However, unlike Dewey who theorized the role of public schools in American democracy, Coons, Clune, and Sugarman thought public schools were “charged” with the realization of “American free-enterprise democracy.”<sup>184</sup> In a willful narrowing of American education history to economics, the authors insisted public schools were “designed to permit the poor to compete.”<sup>185</sup>

Citing Milton Friedman, Friedrich Hayek, and James Buchanan, the legal scholars left local school districts free to choose their own tax rate while making no commitment to a minimum, or foundation program. In the complicated equation of fiscal federalism, parent-voters had to optimize their tax burden and benefits subject to the constraints of federal aid, moving costs, and private school tuition. When a Yale Law School seminar on Public Schools reviewed Coons’ draft in the fall of 1969, students were skeptical that a system permitting extra payments like federal grants could truly level competition for local funds. In arguing that school funding should not be tied to the geography of property wealth, Arthur Wise had implicitly rejected the economic

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<sup>183</sup> Grant Proposal from UC Berkeley Law School Professor John E. Coons, January 13, 1969, FA 407 Series 1, Box 33, Folder 345, Taconic Foundation, RAC.

<sup>184</sup> Coons, Clune, and Sugarman, *Private Wealth and Public Education*, 11.

<sup>185</sup> Coons, Clune, and Sugarman, *Private Wealth and Public Education*, 4.

doctrine of Tiebout sorting whereby parental consumers choose their tax rate by voting (or moving) with their feet.<sup>186</sup> Coons, Clune, and Sugarman's "District Power Equalizing" formula would stop this sorting by providing only enough equalization to prevent wealthy families from enrolling students in private schools.<sup>187</sup>

While U.S. Supreme Court Justice Lewis Powell surely appreciated the economic references, and indeed his law clerk urged him to read *Private Wealth and Public Education*, no argument was likely to persuade the former Richmond, Virginia lawyer and school board member that finance equalization was compatible with local control.<sup>188</sup> In internal court deliberations, Powell attributed the idea that wealth was a suspect classification to "communist doctrine."<sup>189</sup> Arguing that "rich v. poor" and "business v. people" was the "cheapest and most dangerous kind of politics," Powell had advised the U.S. Chamber of Commerce's Education Committee on protecting the American free enterprise system in a 1971 memo written two months before President Nixon nominated him as a justice.<sup>190</sup> Observing the activity of the American Civil Liberties Union, labor unions, civil rights groups, and public interest law firms in the courts prior to his appointment to the bench, Powell suggested to the Chamber that an "activist-minded Supreme Court" could make the judiciary "the most important instrument for social, economic and political change." In a sign of the divergence between the company and the foundation after the Powell memo, Ford Motor Company's personnel director joined various iterations of the

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<sup>186</sup> Charles M. Tiebout, "A Pure Theory of Local Expenditures" *Journal of Political Economy* 64, no. 5 (1956): 416-24.

<sup>187</sup> According to James S. Coleman in his foreword to *PWPE*.

<sup>188</sup> Clerk Larry Hammond cited in Davies, *See Government Grow*. According to Davies, court clerks and justices alike were impressed by the book's "intellectual firepower," especially in comparison to Texas attorney Arthur Gochman who argued *Rodriguez* while refusing help from Coons, Clune, and Sugarman.

<sup>189</sup> Powell quoted in Walsh, *Racial Taxation*, 150 and Paul Sracic, "The Brown Decision's Other Legacy: Civic Education and the Rodriguez Case" *PS: Political Science and Politics* 37, no. 2 (2004): 215-18.

<sup>190</sup> Seemingly one of the first results of the memo was the Chamber changing the name of its Education Committee to Education and Manpower Development Committee, later Education, Employment, and Training. Richmond department store owner Eugene B. Sydnor chaired from 1971 to 1975.



Chamber's Education Committee focused on job training.<sup>191</sup> Throughout its surveys, forums, and meetings in the 1960s and 1970s, the Chamber identified school finance as an issue but never proposed solutions except cost savings.<sup>192</sup>

On March 21, 1973, the U.S. Supreme Court issued a five-to-four ruling that education was not a fundamental right, with Powell's majority opinion establishing the constitutionality of local school property taxes. In their *Rodriguez* amicus brief, the state attorneys general who defended against "educational need" lawsuits filed in 1968 cited Wise as the inspiration for school finance reform.<sup>193</sup> Grudgingly, Texas attorney Arthur Gochman appended some of Coons, Clune, and Sugarman's arguments to the *Rodriguez* case he initially filed without Ford Foundation support.<sup>194</sup>

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<sup>191</sup> Membership of National Chamber Committees and Panels, 1974-1975, Box 22, Series I, Chamber records.

<sup>192</sup> Convening a Task Force on the Powell Memorandum, the Chamber renewed its commitment to funding economic education in K-12 schools but ignored the funding of other subjects. 384th Meeting, November 8-9, 1973, Appendix 4 Summary of Recommendations of the Task Force on the Powell Memorandum, Box 3, Board Minutes 1970-1975, Series I, Chamber of Commerce of the United States records, Hagley. The Task Force on the Powell Memorandum was chaired by US Steel VP William G. Whyte and included representatives from GE, CBS, GM, American Medical Association, JC Penney, Amway, and assorted other chambers, individuals, and companies. Membership of National Chamber Committees and Panels, 1973-1974, Box 22, Series I, Chamber records. Also for example, Chamber of Commerce of the United States, Report to the President of the United States on the 1969 Urban Action Forums, Folder Urban Action Forums; Booth, Arch to Pres. Nixon, 1969, Box 59, Series IV, Chamber records.

<sup>193</sup> State Attorneys General brief quoted in Davies, *See Government Grow*. Davies distinguishes UCLA law professor Hal Horowitz's "kitchen sink" approach from both Wise and Coons. At the time, Wise and Coons contrasted their own approaches with that of University of Chicago law professor Philip B. Kurland. By artificially contrasting the lawyers, activists, foundation executives, and academics who brought school finance suits with the parents, students, educators, and politicians who brought contemporaneous suits for bilingual education and students with disabilities, Davies misconstrues advocacy lawyering as a cause without supporters. By mistakenly locating *Rodriguez* only in *Serrano*'s line of legal reasoning, legal historian Camille Walsh obscures the pivotal case's early roots. Walsh, *Racial Taxation*, 151.

<sup>194</sup> The *McInnis* court used "nebulous" while the *Serrano* court preferred "vague." The California Supreme Court distinguished the *Serrano* plaintiffs' approach from that of the *McInnis v. Ogilvie* plaintiffs in Illinois. SCOCAL, *Serrano v. Priest*, 5 Cal.3d 584 available at: <https://scocal.stanford.edu/opinion/serrano-v-priest-27628>. *McInnis* decision quoted in Ferdinand P. Schoettle, "The Equal Protection Clause in Public Education." *Columbia Law Review* 71, no. 8 (1971): 1373. The Ford Foundation began seeding other school finance lawsuits, giving the Mexican American Legal Defense Fund (MALDEF) a grant to develop a Texas case. When MALDEF refused to support local attorney Arthur Gochman's client the Edgewood Concerned Parents Association, Gochman had filed *Rodriguez v. San Antonio Intermediate School District* on his own on July 20, 1968. Bott.

Thus, we can understand the *Rodriguez* decision not as a flaw in research, coordination, or preparation but as a feature of poverty law remade uneasily for the neoliberal order.<sup>195</sup>

Between *Serrano* and *Rodriguez*, school finance reform included another vision of equality: metropolitanization. The classic American success story of metropolitan governance has its origins in school finance reform. During a special session in the fall of 1971, the Minnesota state legislature created a metropolitan tax base around Minneapolis and St. Paul and passed a series of bills to increase the state school funding share to seventy percent, lower property taxes, and raise sales and income taxes.<sup>196</sup> Kelly observed these reforms were “exactly what was hoped for by the framers of the Serrano legal argument.” Coons had done more than hope. Minnesota legislators acted in anticipation of a ruling in *Van Dusartz v. Hatfield*, a school finance case initiated by a district judge who persuaded an activist lawyer to file and Coons to join.<sup>197</sup> To school finance amici like the National Education Association, metropolitan desegregation lawsuits were another option to equalize finances across municipal lines.<sup>198</sup>

While Kelly insisted that “School-finance reform is, quintessentially, tax reform,” the foundation and its grantees refused to take a position on who should pay school taxes.<sup>199</sup> Coons,

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<sup>195</sup> While scholars have contrasted Wise’s unpersuasive counsel with Coons’ convincing advice as an explanation for why school finance now means fiscal neutrality, they neglect the politics behind litigation strategies. Bott shares Ford Foundation program officer James Kelly’s regret that the research a Syracuse University team did in *Rodriguez* was not more timely or thorough. Superfine implies Ford could not control the timing of the school finance case that reached the Supreme Court first because Gochman expedited review of his Texas filing before a panel of judges whose decision was immediately reviewed by the Supreme Court. Davies gossips about Gochman’s refusal to take direction from Coons in practicing his oral argument before the Supreme Court, which was received poorly. Benjamin Michael Superfine, *Equality in Education Law and Policy, 1954-2010* (Cambridge University Press, 2013).

<sup>196</sup> Kelly, “Some Background Notes,” 6.

<sup>197</sup> District Judge Miles W. Lord cited in Davies, *See Government Grow*, Footnote 59, 354.

<sup>198</sup> Bob Chanin to David Rubin, November 15, 1971, Box 2968, Folder 3, National Education Association - Divisions Records, NEA. “Questions”, Box 2968, Folder 3, National Education Association - Divisions Records, NEA. David Rubin to Donald Morrison, February 5, 1972, 4, Box 316, Folder 4, MS2266, NEA.

<sup>199</sup> James A. Kelly, “Looking Back, Moving Ahead: A Decade of School Finance Reform” pamphlet of presentation at Ford’s May 11-15, 1980 conference *The Politics of Equity: Education Finance, State-Local Taxes, and Children’s Services* in San Antonio, Texas, FA 1304, Series 1, Box 12, Folder 80, RAC.

Clune, and Sugarman's rationale was legal reasonableness and economic efficiency rather than tax justice, and although they favored income over property as a measure of wealth and progressive over regressive state taxes for equalization, the legal scholars made no firm recommendation about whether the tax base should be property, income, or sales. Ford vice president Howe II told the trustees that staff had "no formula it is trying to sell to states and localities for the reform of taxation and the distribution of tax funds to schools."<sup>200</sup>

Within months of the highest court's *Rodriguez v. San Antonio Intermediate School District* ruling unequal local property taxes constitutional, the Ford Foundation school finance reform network established a new state court precedent for redistribution. By then, public interest law firms had brought approximately fifty-two suits in thirty-one states, primarily on fourteenth amendment grounds.<sup>201</sup> Two weeks after the *Rodriguez* opinion, the New Jersey Supreme Court decided that the state constitution required a "thorough and efficient" education, and ordered funding equalization in *Robinson v. Cahill*. The Ford Foundation's school finance network mobilized quickly. During a spring 1973 conference after the *Rodriguez* and *Robinson* rulings, economists Henry Levin and Charles Benson in addition to legal scholars John Coons and Stephen Sugarman spoke alongside local lawyers involved in the Michigan and New Jersey cases.<sup>202</sup> By November 1973, school finance cases had moved to state courts in approximately forty-five states. As they watched court filings pile up, thirty governors pre-emptively asked for tax reform and twenty-one for school finance reform during 1973 state legislative sessions. In the decade after

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<sup>200</sup> Harold Howe II Memorandum for the Trustees, March 13, 1974, 1, Virtual Vault Reports, RAC.

<sup>201</sup> These public interest law firms included *Serrano's* Public Advocates, Inc. and the Ford-established Education Law Center. Joan Roelofs, *Foundations and Public Policy: The Mask of Pluralism* (SUNY Press, 2003), 116. Michael Kirst, "A Tale of Two Networks: The School Finance Reform versus the Spending and Tax Limitation Lobby," *Taxing & Spending* (Winter 1980): 43-49. The count comes from Kelly, *Reforming the Economics of Public Education*.

<sup>202</sup> Reform of School Finance Through Litigation: A Conference on Theory, Strategy and Technique Agenda, April 28, 1973, NUC Correspondence 1972-1973, National Urban Coalition, Ford Foundation, RAC.

Ford hired Kelly, even as student enrollment declined, total education expenditures increased by 24.6 percent, adjusted for inflation. While local funding for public schools slightly declined over this period, state funding increased by nearly half.<sup>203</sup>

While lawsuits reduced inequality in school funding, urban school district budgets never equaled those of the wealthiest suburban school districts. In the decades since, state courts have settled dozens of school finance cases on the legal grounds of adequacy, rather than need or even equality.<sup>204</sup> Reforms in both court houses and state houses failed to equalize educational opportunity in school houses. Struggling to define adequate funding, advocates lowered their standards to literacy. In April 2020, a federal court handed down a decision in another Detroit case, *Gary B. v. Snyder*, establishing a right to literacy and beginning anew negotiation for state funds.

## Conclusion

Ford found it easier to work with union critics than union teachers. While the foundation funded week-long institutes on public policy in 1971 and 1972 for “teacher organization leaders,” the AFT received no direct grants.<sup>205</sup> When the AFT sued Newark, NJ journalist Robert Braun and the publisher of his book *Teachers and Power: The Story of the American Federation of*

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<sup>203</sup> Local funding declined by 3.1% in real terms while state funding increased by 44.4% in real terms from 1969-70 to 1978-79 across all states. James A. Kelly, “Looking Back, Moving Ahead: A Decade of School Finance Reform” pamphlet of presentation at Ford’s May 11-15, 1980 conference *The Politics of Equity: Education Finance, State-Local Taxes, and Children’s Services* in San Antonio, Texas, FA 1304, Series 1, Box 12, Folder 80, RAC.

<sup>204</sup> Michael A. Rebell, *Courts and Kids: Pursuing Educational Equity through the State Courts* (Chicago: University of Chicago Press, 2011).

<sup>205</sup> A Ford Foundation grant combined with U.S. Office of Education funded supported eight one-week institutes run by CUNY’s Myron Lieberman across the country on: Education and Urban Development, Education and Incomes Policy, Formulating Educational Policy, Education and the Tax Structure (Berkeley), Teacher Education and Certification, Educational Innovations, Education and Social Movements. James Kelly, Confidential For Internal Use Only Information Paper Reforming the Economics of Public Education, Prepared for the Board of Trustees, The Ford Foundation, March 1974, Virtual Vault Records, RAC. “Public policy training for teacher organization leaders,” *Michigan Teacher*, May 1972, 5, AFT Publications, Reuther Library.

*Teachers* for libel, Ford's president McGeorge Bundy took an interest.<sup>206</sup> Ford suspected the publisher had been "frightened into passiveness and neglect," and lamented that Braun's expose of unionized teachers as "special interests" and "enemies" would be advertised only to colleges but not to school boards or legislators.<sup>207</sup> A teacher reviewer described it as a well-written and mostly accurate history of the AFT that read like a "gossip session."<sup>208</sup> However, the author was "an objectively unfriendly critic of the AFT, which he seems to think of as an organization comprised of a few rascally national reps." Braun's account of regimented strategy and routinized bargaining could not account for generations of female teacher leaders who did their own organizing and asked for solidarity from the labor movement.

Analyzing the societal forces that led to school finance reform for the many public audiences who wanted to hear about Ford's success, Kelly listed legal, political, geographic, and demographic explanations alongside events like Sputnik and reports like Conant's. In a confidential memo to the Ford trustees, he added "developing teacher militancy with its concomitant salary hikes and cost inflation put additional strains on the financial picture of the public schools."<sup>209</sup> Nonetheless, Kelly defended raises because teachers would be more likely to work in disadvantaged districts. As the previous chapters show, unionized teachers were the fiercest campaigners for the ballot initiatives in California and Michigan and elsewhere that Kelly judged "major overhauls, one of those rare moments in U. S. state political history when structural revisions have become possible."<sup>210</sup>

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<sup>206</sup> The AFT filed a \$7 million libel suit against Braun and his publisher. Edward J. Meade, Jr. to McGeorge Bundy re Book by Robert Braun, "Teachers and Power", May 25, 1973, FA 617, Series 1 SSA, Box 1, Folder 16, RAC.

<sup>207</sup> Meade quoted in Ibid. Robert J. Braun, *Teachers and Power: The Story of the American Federation of Teachers* (New York: Simon and Schuster, 1972), 17.

<sup>208</sup> Mary Rahme, "Controversial book about AFT is annoying but worth reading," *Michigan Teacher* xxxii (6), May 1973, 7.

<sup>209</sup> Ibid, 6.

<sup>210</sup> Kelly, "Some Background Notes," 7.

Much less than doubling funding to halve class sizes in the signature AFT More Effective Schools program, the NEA agreed to test performance contracting with Nixon's Office of Economic Opportunity.<sup>211</sup> Performance contracting, a Department of Defense technology to pay private contractors based on results, arrived in education in the late 1960s.<sup>212</sup> An early study of a dozen such contracts found that military contractors and electronics manufacturers like Dorsett Educational Systems, Westinghouse, Thioko, RCA, and GE spent only 55 percent of their budgets on teachers' salaries while school districts spent 70 to 75 percent. The AFT published a book of scathing cartoons critiquing the practice. As on performance accountability, teachers' organizations split on accountability, which an AFT local called a "synonym for new big-business schemes."<sup>213</sup>

Despite their differences, teachers tired of spending dues and time on dual representation in Michigan and many other states. Jailed for months after the 1970 Newark teachers strike, Selden had come to believe that local strikes and collective bargaining were no longer effective as school boards adapted and teachers' militancy naturally declined. For years, Selden proposed that teachers' two organizations—the AFT and the NEA combine their power bases.<sup>214</sup> With a "splinter group" of NEA teachers, DFT president Riordan pushed for merger.<sup>215</sup> At its 1973 annual meeting, the NEA formally initiated talks with the AFT. However, Riordan observed: "the NEA

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<sup>211</sup> Boards had begun contracting with "industrial producers of teaching aids" based on performance measured by student success. Some students were given incentive pay too. Ibid.

<sup>212</sup> Amy Offner, *Sorting out the Mixed Economy: The Rise and Fall of Welfare and Developmental States in the Americas* (Princeton, NJ: Princeton University Press, 2019).

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<sup>214</sup> During the pivotal decade for school finance—the 1970s—the AFT and NEA were led by very different Michigan representatives of the teacher labor movement, the former union autoworker David Selden and the Michigan Education Association president, a math teacher from a cereal company town. NEA president John Ryor, a mathematics teacher from the western Michigan city of Battle Creek.

<sup>215</sup> Marjorie Beach, president of the National Council of Urban Education Associations, co-led the National Coalition for Teacher Unity. "Prospects of Merger are Murky," *Michigan Teacher* xxxii (2), January 1973, 8.

top leadership was terrified of Al Shanker...They were literally afraid of him.”<sup>216</sup> New York’s United Federation of Teachers president Shanker’s ascendance within the AFT and AFL-CIO leadership threatened the merger.<sup>217</sup> In 1974, David Selden stepped aside for Shanker, whose public profile grew when he lent New York City money from the United Federation of Teachers’ pension fund to avert bankruptcy.<sup>218</sup>

A divided teacher union movement could win only as long as conservative and business attempts to slow government growth were weak. After the merger collapsed, the NEA, AFSCME and others formed a rival political organization to the AFL-CIO’s Committee on Political Education, the Coalition of American Public Employees. Thus, teacher organizations’ response to tax revolt would remain separate for most of the 1970s. When inflation surged and tax limiters learned, more was required of teachers and their allies. However, organizations like the Ford Foundation did less. Far from the full state funding within sight of so many in 1972, a Ford-funded study recommended a 50-50 state-local funding split just a few years later.<sup>219</sup> The foundation’s own grantmaking was shrinking. The foundation planned to halve its budget as price level increases and stock market declines decreased the nominal and real value of endowments like Ford’s.<sup>220</sup>

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<sup>216</sup> Riordan Oral History, 108.

<sup>217</sup> Meany’s preference for fellow cold warrior Al Shanker widened a rift between teacher union leaders.

<sup>218</sup> Richard D. Kahlenberg, *Tough Liberal: Albert Shanker and the Battles over Schools, Unions, Race, and Democracy* (New York: Columbia University Press, 2007).

<sup>219</sup> Middle Cities Education Association, Preliminary Recommendation: Study of Financing Education in Michigan, March 1977, Box 20, Folder 1, Porter files.

<sup>220</sup> Remarks by Dr. James Kelly, Luncheon at the Standard Club, June 10, 1975, New Detroit, Inc. Correspondence 3, New Detroit, Inc., Ford Foundation records, RAC.

## Ch. 5 “Don’t Spend It Faster Than I Can Make It:”<sup>1</sup> Elite Conservative Politics and the 1970s Tax Revolt

Governor Ronald Reagan, who tried and failed to “cut, squeeze, and trim” government programs in California, traded the political costs of the line item veto for the economic logic of tax limitation. When Reagan crossed out legislative appropriations for healthcare, legal aid lawyers successfully sued to restore benefits to the poor.<sup>2</sup> The governor also targeted state subsidies for welfare and education, which labor-liberals had unsuccessfully attempted to increase by ballot initiative, as described in Ch. 5 “Tax the Rich in California.” Since politicians struggled to control such concentrated benefits with diffuse costs, public choice economists argued interest groups should have to compete for their share of a fixed amount. Constitutional tax limitation tied legislators’ purse strings, allowing the state budget to increase by the growth rate in personal income, less a factor meant to ratchet down the real level of government spending to seven percent in fifteen years. Tax limitation was about reducing the overall size of government by slowing its growth.

Written by economists and lawyers, strategized by a sitting governor, California’s 1973 tax limitation ballot measure was elite conservative politics. For the last five decades, the driving force behind tax limitation at the state and national level has been Lew Uhler, a California attorney and developer who campaigns to this day, and whose story I tell through research in new sources.<sup>3</sup>

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<sup>1</sup> The full quote begins “If the taxpayer is to have no other check on the way his tax dollars are spent and the amount of his hard earned pay which goes to provide those tax dollars, then at least he should be able to say...” Memo from Senator Sandra D. O’Connor re: SCR 1012 Tax Limitation Bill, April 11, 1974, 4, Box GO 114, Arizona Folder, Series IX: Proposition One, 1973, Ronald Reagan Governor’s Papers, Ronald Reagan Library (RL).

<sup>2</sup> The California executive budget permitted governors to line item veto. Two-thirds of the legislature only rarely voted to overturn. Aufderheide, “State Policy Making for the Public Schools of California,” 1974. Editorial Board, “More Sniping At Rural Legal Aid,” *The Fresno Bee*, November 21, 1970, 8.

<sup>3</sup> A Note on Primary Sources: Brown University and the University of Kansas hold amateur collections of political movement materials, including from tax groups. Indeed, political opponents who left files at Harvard’s Schlesinger Library and the Georgia Historical Society collected stray newsletters from the federal tax limitation push. Group Research Inc., the opposition research group, followed the National Tax Limitation Committee beginning in 1975,



When I first visited Uhler, he invited me to join a conference call with then-U.S. House speaker Paul Ryan about redistricting the Wisconsin state legislature. I declined, saying that while we might disagree about politics in the present, we could agree on the importance of Uhler's work in the past. This chapter is the first political history of the 1970s constitutional tax limitation movement. Students of James Buchanan wrote California's Proposition 1, the first tax limitation ballot measure of the 1970s.<sup>4</sup> Milton Friedman was the constitutional amendment's most famous publicist. Like Reagan, these Nobel prize-winning economists had personal experience of the bureaucracy, having worked for the federal government and defense industry, and they also wanted someone else to shrink it.

When it came to a defining accomplishment of his presidency—tax cuts—Reagan relied on a brain trust of free market economists trained in tax limits. As conservatives failed and learned, defeat turned into victory. Business conservatives never stopped fighting Keynesian ideas about the stimulative effects of government policies like deficit spending or reducing high tax rates on the rich during downturns. State tax limitation campaigns kept free market economic ideas in circulation. When Keynesian economics collapsed during the simultaneous unemployment and inflation crisis of the 1970s, an alternative economics of low taxes and balanced budgets was available. By bringing state government into political history, I show how the world of economic

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and left reports and original documents at Columbia University. The Coalition of American Public Employees, the NEA and AFSCME's 1970s alternative to the AFL-CIO's COPE, published a reader with original documents. Leaders of tax limitation campaigns in California, Michigan, Massachusetts, and Tennessee left papers at libraries and archives in those states. Many of their published pamphlets and books are still for sale in used book stores. Importantly, the State of California's oral histories of Reagan administration staffers offer candid takes from the 1980s. Tax limitation activists are still alive, and occasionally give interviews to reporters, and graduate students. After first contacting Lew Uhler four years ago, I spent a week in the winter of 2019 with Uhler and his wife Cindy, sifting through papers at their Sacramento-area home and office.

<sup>4</sup>Based on Buchanan's correspondence with Lew Uhler, Cooper judges him the driving force behind tax limitation. By contrast, I argue political operatives sought out economists with whom they agreed ideologically, and show that tax limitation was not Buchanan's preferred solution to shrink government. Melinda Cooper, "Infinite Regress: Virginia School Neoliberalism and the Tax Revolt," *Capitalism: A Journal of History and Economics* 2, no. 1 (2021): 41-87.

conservatism was made by the exchange between fringe operatives and the mainstream GOP, between peripheral theorists and the Chicago school. Rather than by excluding extremists, the right rose by idea laundering.

“Don’t Spend It Faster Than I Can Make It” explains how influential late twentieth and early twenty-first century conservative networks at the state and national levels developed in the intellectual and organizational milieu of constitutional tax limitation. Conservatives organized ideologues and scholars, fused ideas and politics, and founded organizations including the American Legislative Exchange Council to turn California’s 1973 ballot loss into Tennessee’s 1978 success just months before California voters passed the Proposition 13 property tax cut.<sup>5</sup> Conservatives spread the new idea to limit government across the country, testing policymaking in the states and creating the political conditions for national power. Tax limitation architects would sit on the U.S. Supreme Court—Sacramento law professor Anthony Kennedy wrote the constitutional amendment, Senator Sandra Day O’Conner introduced it in the Arizona legislature—and lead the new conservative think tanks—businessman Frank Walton was an early president of the Heritage Foundation, and public choice scholar Bill Niskanen long chaired the board at the Cato Institute.<sup>6</sup> Prop 13, by contrast, traveled further as a media narrative than a fiscal policy. By the end of the 1980s, more than twenty states passed limits on taxing and spending; less than a handful halved property taxes.<sup>7</sup>

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<sup>5</sup> I prefer the term organized to mobilized as the former denotes more of a participatory, active strategy than the latter.

<sup>6</sup> Walton led Heritage from 1975 to 1977. Niskanen led Cato from 1985 to 2008, and now has a center named in his honor. However, Lew and Cindy Uhler doubt that Niskanen would approve of his name on a centrist think tank of Cato expats.

<sup>7</sup> That fall of 1978, a Prop 13-style measure won in Idaho but others lost in Michigan and Oregon, where more moderate alternatives were on the ballot. Isaac William Martin, *The Permanent Tax Revolt: How the Property Tax Transformed American Politics* (Stanford, CA: Stanford University Press, 2008).

Historians misunderstand the origins of the tax revolt and overemphasize the role of Prop 13. Reporters asked why voters cut or limited local and state taxes in 1978, and for the last four decades, scholars have proposed compelling explanations—the distribution of tax benefits and burdens between races or classes, the hidden state, assessment modernization or false consciousness—about why so many Democrats joined Republicans in doing so.<sup>8</sup> To this day, fiscal history and fiscal sociology most often seek to explain tax cuts. Before there were tax cuts, there were tax limits. When social scientists researched tax and spending limitation, they found only location in the West explained passage.<sup>9</sup> However grassroots the support, revolt had to be organized. Majorities had been voting no for a decade prior.<sup>10</sup> The tax revolt was a long, strategic political campaign, not one “Mad as Hell” moment of voter backlash.<sup>11</sup>

Conservative pamphleteers took a different lesson from the 1978 elections: “Forget the meat-axe approach to tax reform. Voters want spending limits that will effectively hold down tax hikes!”<sup>12</sup> The co-sponsor of California’s Proposition 13 property tax cut, Paul Gann, backed a tax limit that bears his name, and the Massachusetts group behind Proposition 2 ½ originally

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<sup>8</sup> David O. Sears, *Tax Revolt: Something for Nothing in California* (Cambridge, MA: Harvard University Press, 1982). David Lowery and Lee Sigelman, "Understanding the Tax Revolt: Eight Explanations," *American Political Science Review* 75, no. 4 (1981). David Lowery, "Interpreting the Tax Revolt: A Review of the Literature and an Alternative Explanation," *State & Local Government Review* (1982). Thomas Byrne Edsall and Mary D. Edsall, *Chain Reaction: The Impact of Race, Rights, and Taxes on American Politics* (New York: Norton, 1992). Clarence Lo, *Small Property Versus Big Government: Social Origins of the Property Tax Revolt* (University of California Press, 1995). Molly C. Michelmore, *Tax and Spend: The Welfare State, Tax Politics, and the Limits of American Liberalism* (University of Pennsylvania Press, 2014). Daniel A. Smith, *Tax Crusaders and the Politics of Direct Democracy* (New York: Routledge, 1998). Isaac Martin, *Rich People's Movements: Grassroots Campaigns to Untax the One Percent* (New York: Oxford University Press, 2013).

<sup>9</sup> The literature refers to tax and expenditure limitations, or TELs. Lee Sigelman, David Lowery, and Roland Smith, "The Tax Revolt: A Comparative State Analysis," *Western Political Quarterly* 36 (1) (1983): 30-40.

<sup>10</sup> The Watson Initiative, which failed in 1968 and 1972, halved property taxes but proposed replacement revenue.

<sup>11</sup> Howard Jarvis, *I'm Mad as Hell: The Exclusive Story of the Tax Revolt and Its Leader* (New York: Times Books, 1979).

<sup>12</sup> Sheldon D. Wagman and Robert J. Engelmayer, *The Tax Revolt Letter* 1 (1) (1979), RH WL D3213, Wilcox Collection of Contemporary Political Movements, Kenneth Spencer Research Library, The University of Kansas Libraries (WCCPM).

campaigning for a tax limit.<sup>13</sup> Signing the “Spirit of 13” initiative petition during a press conference, former Governor Reagan noted its similarity to Proposition 1, his tax limitation measure that Californians rejected in 1973. Gann recalled responding “Governor, it should look a little familiar because we copied as much as we could.” Gann’s intention behind Prop 13 had always been two-fold: “to cut property tax and reduce the size of government.”<sup>14</sup> After California voters halved property taxes, the 1979 Gann limit constrained the legislature’s ability to find alternative taxes. Half of California teachers received pink slips after Prop 13, although many were later recalled back to work. Just a decade before, teachers had seemed on the edge of economic security.

### **The “arsonist in charge of the fire department:” The Career of Political Operative Lew Uhler<sup>15</sup>**

How long could labor-liberals defend generous public services in the most populous state? At the end of the 1960s, California provided higher education for all, healthcare subsidies to Medicaid, long-term care for the disabled, and cash aid to poor families.<sup>16</sup> State and local taxes collected 12.6 percent of Californians’ personal income, fifth highest in the country.<sup>17</sup> Less than a quarter of this amount, however, went to K-12 schools, dropping California to thirty-fifth in the rankings. Teachers, divided into a moderate professional association and a militant labor union,

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<sup>13</sup> Many social scientists and journalists writing during the 1970s and 1980s started the tax revolt with California’s 1978 Proposition 13 and ended it with Massachusetts’ 1980 Proposition 2 ½. Citizens for Limited Taxation, which qualified Proposition 2 ½ for the Massachusetts ballot in 1978, but had to wait two years for a vote, had originally endorsed tax limitation; indeed, the group’s name said as much.

<sup>14</sup> Paul Gann, an oral history conducted in 1987 and 1988 by Gabrielle Morris, Regional Oral History Office, The Bancroft Library, University of California, Berkeley, 1988, 8; exchange with Reagan, 47.

<sup>15</sup> CRLA board member William Bagley quoting a letter he wrote Nixon’s OEO lead, Frank Carlucci, about Lew Uhler. William Bagley, “Some Complexities of Social Progress and Fiscal Reform,” an oral history conducted in 1981 by Gabrielle Morris, Regional Oral History Office, The Bancroft Library, University of California, Berkeley, 1982, 43.

<sup>16</sup> California overtook New York as the most populous state during the 1960s. California Legislature, Joint Legislative Budget Committee, *Donahoe Higher Education Act*, SB 33, First extraordinary session, 1960. Eileen Boris and Jennifer Klein, *Caring for America: Home Health Workers in the Shadow of the Welfare State* (New York: Oxford University Press, 2012).

<sup>17</sup> 1969-1970 figure in Aufderheide, “State Policy Making.”

disagreed on alternatives to the hated local property tax, which funded nearly three-quarters of school costs in cities like Los Angeles. As workers lost purchasing power, they organized a left tax revolt with welfare rights, consumer, environmental, and community groups demanding corporations pay more to cities.<sup>18</sup> Trapped in an economic order not of his own making, even Governor Ronald Reagan quickly raised revenue to fix an inherited deficit upon taking office, and eventually withheld state income taxes from workers' paychecks.

Reagan needed help shrinking government, and stocked his California administration with conservative political appointees. Robert Carleson, who would fill the same position first in Nixon's, then in Reagan's, presidential administration, took on welfare.<sup>19</sup> Lew Uhler, who did not follow Reagan to the White House, was the "hatchet man" at California's Office of Economic Opportunity. Claiming that radicals decorated the federal office with hammer and sickle posters, Uhler thought the philosophy of the War on Poverty was that capitalism created poverty, and socialism and communism were better systems.<sup>20</sup> Asked by an oral historian whether he was brought in to dismantle the state office, Uhler dissembled, arguing that only the U. S. Congress could defund federally-mandated programs. Nonetheless, his California staff gave Uhler a "Brass Balls" award for his fortitude. In 1978, Uhler gave a pair to Howard Jarvis, the charismatic spokesman for California's Proposition 13 property tax cut. Behind Jarvis, there was Uhler.

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<sup>18</sup> Simon Hall, "The Tax Revolt" in *American Patriotism, American Protest: Social Movements since the Sixties*, 95-116 (Philadelphia, PA: University of Pennsylvania Press, 2011). Joshua Mound, "Inflated Hopes, Taxing Times: The Fiscal Crisis, the Pocketbook Squeeze, and the Roots of the Tax Revolt" (PhD diss., University of Michigan, 2015).

<sup>19</sup> Robert Carleson and Susan A. Zeiger Hans Carleson, *Government Is the Problem: Memoirs of Ronald Reagan's Welfare Reformer* (Alexandria, VA: American Civil Rights Union, 2009).

<sup>20</sup> Interview with Lewis Uhler, "America's War on Poverty," 1994.



Fig. 1: The Brass Balls Award from his State OEO Staff Uhler holds in his office reads: “To a man born in the front bunkers of the national mileau who has undergone shell-fire and returned it in kind.” Brass Balls labeled Jarvis from Box 2122 of his collection at the California State Library.

Uhler’s politics were formed in conservative mid-twentieth century California and Connecticut. His family of Philadelphia doctors, originally from the German town of Uhler (pronounced Yoo-ler), headed west for the tuberculosis cure, where his father shipped California oranges around the world for SunKist. Uhler was born and raised in Alhambra, California, in the San Gabriel Valley northwest of Los Angeles and identified as a conservative from the moment he began to think politically.<sup>21</sup> Taking the train east to attend Yale College, Uhler arrived on campus the same year William F. Buckley, Jr’s *God and Man at Yale* warned of the political hardships that awaited him. At Yale, Uhler majored in political and economic institutions and learned to campaign, making friends with conservatives and enemies of liberals.<sup>22</sup> A scholarship

<sup>21</sup> Uhler’s background from a series of interviews I did with him and his wife Cindy while staying at their Sacramento-area home from March 1-8, 2019.

<sup>22</sup> Sharing a protest letter with Buckley, Uhler committed to withhold his “dollar vote” from Yale’s Alumni Fund so long as the leftist historian Staughton Lynd worked at the University. Lew Uhler to Editor, Yale Alumni Magazine, May 12, 1966, Uhler, Lewis K. Folder, Box 41, Part 1, William F. Buckley, Jr. Papers (MS 576), Manuscripts and Archives, Yale University Library (WFB).

student who joined the Reserve Officer Training Corps, Uhler returned home to California, first to attend law school at Berkeley, and later to work as an Army intelligence officer during his father's brief battle with cancer.

Uhler took the economic idea of making decisions at the margin into politics, where he has worked ever since—at the margin of political culture as a conservative, at the margin of conservatism as an extremist, at the margin of institutions that he helped create. More of a single-issue campaigner than an institution builder, Uhler was present at the creation of a number of conservative organizations he was only too happy to let others run and fundraise for, including the American Legislative Exchange Council and the Council for National Policy. Though he was always attached to a law firm as a land developer, Uhler seemed to do more campaigning than lawyering.<sup>23</sup> First within the insurgent Young Republicans, then on established county and state party central committees, and through his campaign firm Public Affairs Associates, Uhler tried to push the Republican party right.<sup>24</sup> When Uhler's candidates won primaries, he ran their campaigns for the California and U.S. legislature.<sup>25</sup>

At some point, Uhler joined the John Birch Society, the conspiratorial anti-communist group with a large California membership. Uhler ran the successful U. S. House campaign of John Rousselot, one of only two Birchers elected in 1960, and worked as his administrative assistant until the congressman was redistricted out in 1962.<sup>26</sup> After a career spent working with Reagan

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<sup>23</sup> Uhler worked for the Covina, CA law firm of Garvey, Ingram & Baker, later Ingram, Baker and Uhler Inc., and joined the local Chamber of Commerce and Rotary Club. Yale 1955 Class Book, 176. Uhler took a leave from his new Los Angeles firm, Harris, Noble, Uhler & Gallop, to work for Reagan. In 1974, Uhler opened the Sacramento office of this firm.

<sup>24</sup> Uhler campaigned for a John Birch Society member's 1963 Young Republicans presidency in California. Richard Bergholz, "Gaston Wins Young GOP Leadership," *Los Angeles Times*, February 18, 1963, 1, 21. "Public invited to hear State OEO director," *The Press-Tribune* of Roseville, CA, May 12, 1971, 4.

<sup>25</sup> Candidates included Bill Richardson, Frank Walton.

<sup>26</sup> Rousselot's San Gabriel Valley congressional district, California's 25<sup>th</sup>, was Uhler's own. During the primary campaign, Rousselot's Republican challenger filed suit against the candidate and his campaign manager, Uhler, for "fraud and deceit" in their materials. "Noonan Files Second Suit Against Rousselot," *Los Angeles Times*, June 19,

and hundreds of other politicians, Uhler still judged Rousselot the most gifted.<sup>27</sup> Uhler's association with Rousselot continued even after he left the John Birch Society in 1963, and Rousselot stayed on to direct the Society's western states operations, then its national public relations. Uhler was Rousselot's personal attorney, and presumably helped elect the congressman in a new district in 1970.<sup>28</sup> Clearing his name with reporters, Uhler later claimed the Society was not "an effective tool for (his) particular interests."<sup>29</sup> At the time, he wished the small conservative movement would have been more tolerant as it grew.<sup>30</sup> Uhler quickly moved on to the next campaign.

By the time he joined the conservative presidential candidate Barry Goldwater's 1964 campaign, Uhler was a known Republican party operative. One of Uhler's candidates for state office, the pilot Bill Richardson, flew the pair to Goldwater's California convention, where, lacking tickets, they talked their way in, and up to the candidate himself. Though he knew Goldwater would not win, Uhler moved his family to Washington D.C. in October to join a speechwriter friend on the communications team.<sup>31</sup> At the same time, Uhler ran businessman Frank Walton's congressional campaign on the Goldwater ticket.<sup>32</sup>

After spending the 1960s electing a handful of conservative state legislators, Uhler decided he could not trust the majority of their colleagues and aimed for more influence in state government. Uhler offered a Democratic Assemblyman a judicial appointment to maintain the

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1962, 26. "GOP Plans Education Program," *Pasadena Independent*, June 8, 1961, 35. "Reagan to Address Rousselot Dinner," *Arcadia Tribune*, August 19, 1962, 3. Dinner with Cindy and Lew Uhler, week of March 4<sup>th</sup>, 2019. He didn't save their correspondence!

<sup>27</sup> Interview with Lew Uhler, February 28, 2019.

<sup>28</sup> Richard Bergholz, "3 Vie for State Young Republicans Presidency," *Los Angeles Times*, February 4, 1966, 3.

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<sup>30</sup> Interview with Lew Uhler, February 28, 2019.

<sup>31</sup> Russ Walton. *Ibid.*

<sup>32</sup> Interview. Uhler was special project assistant to the director of public relations of the National Citizens for Goldwater-Miller Committee in October 1964. Yale 1955 Class Book, 176.



Republican majority in the California legislature in 1968.<sup>33</sup> While judgeship trading was a characteristic Reagan tactic, Uhler now denies responsibility for the scandalous barter. Uhler does, however, take credit for the governor's appointment of his law partner to the Los Angeles County Superior Court.<sup>34</sup> Uhler first met Ronald Reagan when he recruited the famous actor to speak at an all-day rally in John Roussetot's congressional district, and at a testimonial dinner in the Bircher congressman's honor. Uhler was one of the few Birchers Reagan let in to his inner circle.<sup>35</sup>

Uhler came to the Reagan gubernatorial administration as many seemed to: first as a volunteer, then an appointee recruited by a friend.<sup>36</sup> Reagan's staff secretary Ed Meese brought Uhler, his friend from college and law school, to Sacramento as an appointee to the Office of Economic Opportunity.<sup>37</sup> In an article for the conservative magazine *Human Events* that could have been a job interview, Uhler had proposed incentivizing civil servants to cut government from the inside.<sup>38</sup> Uhler in turn recommended the businessman whose 1964 congressional campaign he had managed, Frank Walton, as Secretary of Business and Transportation.<sup>39</sup>

In charge of his own bureaucracy, Uhler hired a new staff willing to investigate Office of Economic Opportunity grantees, anonymously surveyed lawyers and judges to uncover violations, and fielded complaints from businesses and small town mayors.<sup>40</sup> A lawyer by training, Uhler

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<sup>33</sup> According to the Reagan biographer Lou Cannon, Uhler offered the job through the Assemblyman's law partner, and another Republican followed up. Cannon, *Governor Reagan*, 221.

<sup>34</sup> Francis J. Garvey. Interview with Uhler, February 28, 2019. "Reagan Names 4 Judges to LA Superior Court," *Independent of Long Beach, CA*, December 3, 1969, 46.

<sup>35</sup> Magyar.

<sup>36</sup> Uhler joined the California Law Revision Commission in 1968.

<sup>37</sup> Meese and Uhler went on double dates during college. They are still in contact. During my visit, Uhler told Meese over the phone that a "lovely young lady from Yale" was there to help him with his files. Interview with Lew Uhler, February 28, 2019.

<sup>38</sup> Lewis K. Uhler, "Making the Bureaucracy Work Better," *Human Events* 20, February 7, 1970, 108.

<sup>39</sup> Yale 1955 50<sup>th</sup> Reunion Book, 2000, 494.

<sup>40</sup> While newspapers widely reported on Uhler's survey, Uhler himself always said his evidence came from sworn depositions and newspaper stories. Harry Bernstein, "Legal Aid Assn. Hits Inquiry by State," *Los Angeles Times*, November 19, 1970, 3.

quickly targeted poverty law to protect capitalism.<sup>41</sup> By representing braceros and unionized farmworkers, poverty lawyers threatened growers' cheap and controllable agricultural labor supply. The California Office of Economic Opportunity administered the federal grants that funded California Rural Legal Assistance, the largest legal aid practice in the country.<sup>42</sup> Declaring there was no contradiction in investigating complaints made by subsidy-seeking agribusinesses, Uhler insisted he did not support spending public dollars on legal aid or farm aid. If something were worth doing, someone in the private sector would do it. Attorneys volunteered their services and cut their prices to represent the poor. The "public treasury" should not finance an assault on the capitalist system that produced economic growth and high living standards.

After determining that California Rural Legal Assistance overreached by attacking structural economic conditions rather than representing individual clients—it was the United Farm Workers' "right arm," for example, during the union's nationwide grape boycott—Uhler convinced Reagan to veto a \$1.8 million federal grant, effectively ending the state program.<sup>43</sup> As backlash built, Nixon's U.S. Office of Economic Opportunity and a panel of retired jurists dismissed Uhler's evidence and reinstated the grant. Reagan agreed not to veto again so long as new conditions were imposed on legal aid.<sup>44</sup> His job done at the Office of Economic Opportunity by August 1971, Uhler was promoted to Assistant Secretary of the State Human Relations Agency, where he imposed work requirements on welfare recipients. With his new appointment, Uhler attended cabinet meetings and moved closer to Reagan.

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<sup>41</sup> Uhler, Morris oral history. Interview with Lewis Uhler by Sam Sills of Blackside, Inc. for the 1995 PBS series "America's War on Poverty," May 15, 1994, accessed through Film & Media Archives, Washington University, St. Louis, [http://streamingvideo.wustl.edu/media\\_objects/avalon:228](http://streamingvideo.wustl.edu/media_objects/avalon:228).

<sup>42</sup> "Working in Legislatures," Group Research Report 16 (6), June 29, 1977, 22, Box 249, National Tax Limitation Committee Folder, Group Research Records, Rare Book and Manuscript Library, Columbia University Library (GR). Quoted in Robert Kuttner, *Revolt of the Haves: Tax Rebellions and Hard Times* (New York: Simon and Schuster, 1980).

<sup>43</sup> Uhler hired about 40 staffers. Interview with Uhler, week of March 4, 2019.

<sup>44</sup> Uhler, Morris oral history, 18.

The Reagan administration wanted to cut education costs but was constrained by the California Supreme Court's recent *Serrano v. Priest* ruling that local property taxes were an unconstitutional source of school funding. The governor's self-trained school finance expert, formerly an associate at Reagan's long-time campaign firm Spencer-Roberts and Associates, worked with the California Teachers Association, an affiliate of the National Education Association, to write a school finance bill that included a mix of taxes on sales and income. When California Teachers Association members marched on Sacramento and picketed the legislature, Reagan said they were "doing the right thing."<sup>45</sup> Dismissing the bill as "just patchwork," the rival labor-aligned California Federation of Teachers withheld its support. The California Federation of Teachers had "long advocated a Statewide School Finance program based on a progressive graduated income tax withholding formula."<sup>46</sup> State senator Al Rodda, a former teacher union local president, lobbied colleagues in the senate against the school finance bill.<sup>47</sup> Without the support of two-thirds of legislators, the bill stalled.

As they had in 1968, the governor and the teachers fended off the Los Angeles county assessor's proposed constitutional amendment to halve property taxes in 1972.<sup>48</sup> On the November ballot alongside President Nixon, the Watson Initiative lost by a two-thirds margin among 82 percent of registered and 65 percent of eligible voters.<sup>49</sup> Years before Prop 13 passed in 1978,

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<sup>45</sup> Reagan quoted in Aufderheide, "State Policy Making," 51.

<sup>46</sup> If rural land lobbies and wealthy school districts again stopped tax reform in the legislature, the California Federation of Teachers threatened to petition for a ballot measure "to guarantee that schools are properly funded and that the heaviest part of the burden is removed from those least able to pay." Raoul Teilhet quoted in CFT News Release, September 2, 1971, Folder 1, Box 3, CFT UCLA.

<sup>47</sup> Sacramento's Al Rodda had been a teacher and union local president and was a close ally of the CFT. Kenneth Hall, "'Playing Devil's Advocate': The Governor's Office and the Department of Finance in California, 1966-1974," an oral history conducted in 1982 by Sarah Sharp, Regional Oral History Office, The Bancroft Library, University of California, Berkeley, 1983. Unnamed organization leader on the CFT quoted in Aufderheide, "State Policy Making," 69.

<sup>48</sup> ACTLA Bulletin, Box 2, Folder 14, UTLA. Teachers defeated Prop 9 in 1968 with a \$500,000 campaign. Folders 1-3 No On Proposition 9 1968, Box 72, Whitaker & Baxter Campaigns, Inc. Records, California State Archives, Office of the Secretary of State, Sacramento, California, Sacramento, CA.

<sup>49</sup> Stark and Zasloff, "Tiebout and Tax Revolts," 2003.

California voters were unwilling to approve a similar measure. Reagan declined to endorse the property tax cut because sales and corporate tax increases replaced the lost revenue, and because he wanted credit for tax reform.<sup>50</sup> Given the contemporaneous school finance bill, it seems Reagan's objection was to raising corporate taxes. Instead, Governor Reagan threatened to cut income taxes by \$450 million if the legislature did not reduce property taxes, and proposed to pay for additional school aid with sales, cigarette, and liquor tax increases.<sup>51</sup> Reagan compromised with the Democratic assembly speaker on a bill to raise sales taxes by one percent and increase the upper bank and corporation tax bracket to thirteen percent. Two-fifths of the funds came from one-time payments: from federal revenue sharing, and from previous income tax rate increases and the implementation of withholding in 1971.<sup>52</sup>

A week and a half later, the legislature passed Senate Bill 90 to reduce local property taxes through state aid to education that came with conditions: a spending cap on school boards.<sup>53</sup> A year after Reagan vetoed half a billion dollars of the education and social services budget, the governor signed a bill to put \$225 million back into K-12 schools while allocating \$229 million to local property tax relief.<sup>54</sup> Homeowners and businesses got property tax exemptions while renters and counties got credits. These exemptions and credits were not indexed to rising price levels and would become less valuable as inflation increased. The state superintendent received \$25 million for early childhood education, much less than the hundreds of millions he pitched. Capitol watchers argued an \$82 million payment to urban schools for assemblymember Willie Brown clinched the deal. Brown, who had advised the California Federation of Teachers to demonstrate

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<sup>50</sup> Californians for Lower Taxes, "Comparison of Basic Features of Proposition 1 (November, 1973 – Reagan) and Proposition 14 (November 1972 – Watson)," undated, Background/Facts (1/2) Folder, Box GO 114, RL.

<sup>51</sup> Aufderheide, "State Policy Making."

<sup>52</sup> William Bagley, "Some Complexities of Social Progress and Fiscal Reform," an oral history conducted in 1981 by Gabrielle Morris, Regional Oral History Office, The Bancroft Library, University of California, Berkeley, 1982.

<sup>53</sup> Reagan Tax Reform brochure, Box GO 115, RL.

<sup>54</sup> Burbank.

in the streets earlier in a career that would lead to the assembly speakership, could also have advised the union about operating in the halls of power. Affiliated with both the California Federation of Teachers and the California Teachers Association, United Teachers Los Angeles delivered the vote of one of four key urban state senators.<sup>55</sup>

Whereas before, school boards could raise taxes up to constitutional limits, now Senate Bill 90 required local voters to approve any tax or spending increases above inflation or population growth.<sup>56</sup> The new limit was on revenue, not rates, previewing tax limiters' approach to eliminate loopholes for government growth. Importantly, schools did not benefit from rising property tax revenue between 1972 and the passage of Proposition 13 in 1978.<sup>57</sup> As the governor negotiated with the legislature over school finance reform, ignoring the court's *Serrano v. Priest* ruling, the Reagan administration had been discussing constitutional limits on the overall size of government since the spring of 1972. The bureaucrats were ready to cut their own budgets.

In April 1972, the Reagan administration had begun considering internal proposals to reduce total taxes, and rejecting others to shift taxes. Uhler issued a memo warning that legislators would "put an end to the Republic in the name of improving it" by increasing taxes and expenditures unless the people changed the "rules of the game."<sup>58</sup> Reagan's cabinet discussed Uhler's memo at a two-day retreat to determine the Governor's legacy in Sacramento and his platform for a 1976 presidential campaign. Secretary of Business and Transportation Walton

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<sup>55</sup> Republican assemblymember William Bagley on how the UTLA delivered the vote of Democratic senator David Roberti of Los Angeles.

<sup>56</sup> Garin Burbank, "Speaker Moretti, Governor Reagan, and the Search for Tax Reform in California, 1970-1972," *Pacific Historical Review* 61, no. 2 (1992): 193-214.

<sup>57</sup> Nonetheless, scholars have debated economist William Fischel's contention that *Serrano* caused Prop 13. Kirk J. Stark and Jonathan Zasloff, "Tiebout and Tax Revolts: Did Serrano Really Cause Proposition 13?" *UCLA Law Review* 50, no. 3 (2003). William A. Fischel, "Did John Serrano Vote for Proposition 13? A Reply to Stark and Zasloff's 'Tiebout and Tax Revolts: Did Serrano Really Cause Proposition 13?'" *UCLA Law Review* 51, no. 4 (2004).

<sup>58</sup> Quoted in Bill Boyarsky, *Ronald Reagan: His Life and Rise to the Presidency* (New York: Random House, 1981): 161.

asked a McKinsey & Company consultant to facilitate the retreat. From lists written on butcher paper hanging on the walls, attendees selected crime, local government reform, and tax reduction. The management consulting company volunteered advice on “Legacy” Task Forces structure and procedures.<sup>59</sup> Together, Walton and Uhler publicly led the Tax Reduction Task Force which drafted the tax limitation ballot initiative Proposition 1.

Conservatives had not called “on the intellectual horsepower around the country, the brain trust” as liberals had.<sup>60</sup> Uhler “wasn’t interested in the John Kenneth Galbraiths or the Hellers,” liberal public economists who argued that public sector jobs, which were mostly in the service industry, had lower productivity and thus higher costs than in the private sector.<sup>61</sup> Indeed, both Galbraith and Heller would oppose tax limitation in California. Richard Musgrave, founder of public finance economics in the United States, lamented that the “eminent economists” who endorsed tax limitation had not pointed out the “inaccurate and biased” data behind it.<sup>62</sup> Though public finance economists often sided with tax revolt opponents like the League of Women Voters, they were not “street fighters” like Milton and Rose Friedman.<sup>63</sup> Securing Reagan’s permission to “find the best free market minds in the country,” Uhler recruited three primary economic advisors: Craig Stubblebine, Bill Niskanen, and Friedman himself.<sup>64</sup>

### **Street Fighters for Tax Limits: The Chicago School and the Virginia School of Economics**

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<sup>59</sup> Jim Balloun. "Governor's "Legacy" Task Forces Seek Ways to Strengthen Local Government, Increase Public Safety, Cut State Taxes," *California Journal* IV, no. 1 (1973).

<sup>60</sup> Quoted in Uhler, Morris oral History, 15.

<sup>61</sup> Uhler quoted in Ibid. Economist William Baumol made this productivity argument, and it was taken up widely, by the University of California-Berkeley’s George Break, for example, and rebutted by James Buchanan’s students in tax limitation debates.

<sup>62</sup> “What the Experts Have to Say,” *United Teacher* 1 (6), October 26, 1973, 8, Box 17, Folder 1, United Teachers Los Angeles Collection, 1962-1992, Special Collections & Archives, California State University, Northridge (UTLA).

<sup>63</sup> This is Uhler’s phrase. See the National Tax Limitation Committee’s pamphlet “Idea Entrepreneurs.”

<sup>64</sup> Quoted in Steven T. Jones and Tim Redmond, "The Lesson of California," *San Francisco Bay Guardian Online*, October 20, 2009.

Tax limitation was applied economics salve for Nixon appointees chafing at the fast-eroding Keynesian economic order. President Nixon's Council of Economic Advisors chair Paul McCracken enforced wage and price controls he did not believe in. Returning to his job as a professor of economics at the University of Michigan, McCracken backed Reagan and Uhler's tax campaigns, and advocated for tax limitation in Michigan. Working in the Office of Management and the Budget, William "Bill" Niskanen tested a "compositive" method of aggregating individual preferences borrowed from a social science increasingly skeptical of society-level analyses, but quickly left for a position in the University of California, Berkeley's Institute of Government Affairs. The college and university campuses Governor Reagan had been fighting with for years now supplied his Tax Reduction Task Force with economic expertise.<sup>65</sup>

Walton and Uhler met Reagan's future Council of Economic Advisors chair Bill Niskanen, a Republican and self-described "oppressed" minority on the liberal Berkeley campus.<sup>66</sup> Niskanen had studied under Milton Friedman at the University of Chicago and received his economics Ph.D. in 1962 while working in the Cold War defense industry. First at RAND, then under Robert McNamara, who brought the corporation's characteristic systems analysis to the U. S. Department of Defense, Niskanen planned, programmed, and budgeted military strategy. On government contract outside the federal department at the Institute for Defense Analysis, Niskanen met Gordon Tullock, a foreign service officer turned lawyer who encouraged him to write about the failings of bureaucracy and representative government.

Niskanen thought "middle-demand" voters would be better represented by legislators with less control over their committees and staffs and by executives who used their veto power to keep

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<sup>66</sup> Address to the California Republican Assembly in Palm Springs, CA, September 22, 1973, Box 45, Folder Tax Reduction Task Force, William A. Niskanen papers, Hoover Institution Archives (WAN).

the bureaucracy in check.<sup>67</sup> While Niskanen hoped competition in the supply of public services would shrink government, if a bureaucracy were truly entrenched, he admitted a role for limits. With his *The Calculus of Consent* co-author economist James Buchanan, Tullock intervened in a lively mid-twentieth century academic debate about how individuals and groups made decisions in democracy.<sup>68</sup> Tullock and Niskanen's encounter in the military-industrial complex shows that the study of non-market decision-making was underway before Buchanan marketed its applications.<sup>69</sup>

Finishing his term as president of the international thought collective the Mont Pèlerin Society in 1972, Friedman joined the cause of tax limitation to put ideas into action.<sup>70</sup> Friedman built an academic career at the University of Chicago researching monetary policy and defending economics as a positive science.<sup>71</sup> Nonetheless, Friedman had policy opinions, which he shared with everyone from *Newsweek* readers to South American dictators.<sup>72</sup> During the Great Depression, Friedman had worked for the federal government, first at the National Resources Planning Board and then in the Department of Treasury, where he calculated optimal tax levels.<sup>73</sup>

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<sup>67</sup> <WAN> Niskanen looked to Tullock's own 1965 *The Politics of Bureaucracy* and Anthony Downs's 1967 *Inside Bureaucracy*, and back to Ludwig von Mises 1944 *Bureaucracy*.

<sup>68</sup> After WWII increased suspicions of a democratic theory centered on willful, sovereign, or opinionated people, as S. M. Amadae argues, rational choice theorists like Anthony Downs used neoclassical economic methods instead. At the same time political historians found consensus at the heart of American politics, political theorists like Robert A. Dahl and E.E. Schattschneider argued over how influential groups were. Political scientists, who increasingly wondered why anyone would act collectively following Downs's earlier economic theory of democracy, developed a median voter theorem to explain why no one would vote. S. M. Amadae, *Rationalizing Capitalist Democracy: The Cold War Origins of Rational Choice Liberalism* (Chicago: University of Chicago Press, 2003). E. E. Schattschneider, *The Semisovereign People: A Realist's View of Democracy in America* (New York: Holt, 1960). Robert Dahl, *Who Governs?* (New Haven, CT: Yale University Press, 1961).

<sup>69</sup> Here I mean to push back on Melinda Cooper's framing of Buchanan as the instigator of tax limitation.

<sup>70</sup> Burgin, *The Great Persuasion*.

<sup>71</sup> Milton Friedman and Anna Jacobson Schwartz, *A Monetary History of the United States, 1867-1960* (Princeton, NJ: Princeton University Press, 1963). Milton Friedman, "The Methodology of Positive Economics" in *Essays In Positive Economics* (Chicago: University of Chicago Press, 1966), pp. 3-16, 30-43.

<sup>72</sup> Tiago Mata, "Milton Friedman and Paul Samuelson, columnists of *Newsweek*." *Journal of the History of Economic Thought*, forthcoming. See for example the chapter in the Friedman's *Two Lucky People* on Chile.

<sup>73</sup> Jennifer Burns, unpublished biography of Milton Friedman. Beatrice Cherrier and Jean-Baptiste Fleury, "Economists' interest in collective decision after World War II: a history," *Public Choice* 172, nos. 1-2 (2017): 23-  
◇.



As federal income tax rates rose, and during WWII, the base expanded, government spending grew to forty-three percent of the economy.<sup>74</sup> “Something historic,” Friedman believed, needed “to be done to stop that process.”

California’s Proposition 1 was, in Friedman’s words, “the only measure taking place anywhere in this country that offer(ed) some real hope.”<sup>75</sup> When a fellow member of the American Enterprise Institute’s Council of Academic Advisers wrote to get Friedman more involved in policy research, Friedman wrote back to urge the think tank to study tax and spending limitation, the “most promising short-term possibility” to solve the “fundamental problem” of “the growth of government.”<sup>76</sup> Even as he endorsed “cutting taxes under any circumstances, for whatever excuse, for whatever reason,” including Proposition 13, Friedman expressed his preference for Proposition 1.<sup>77</sup> The country’s most prominent libertarian economist would spend the better part of a decade advocating for state and federal constitutional caps, including on the day he won the Nobel prize in economics while campaigning for tax limitation in Michigan.<sup>78</sup>

In answer to the question he heard most often about tax limitation being “undemocratic,” Friedman declared that there was fundamental bias or defect or flaw in the constitution: taxpayers did not get to vote on the budget as a whole.<sup>79</sup> The middle class could unite against the very rich and very poor, what a Chicago colleague called the “law of public expenditures.”<sup>80</sup> Special

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<sup>74</sup> Milton Friedman, “It’s in the Public Interest,” in Sonenblum, ed., *The California Tax Limitation Amendment*, 93-94. Elsewhere, for example in his Manion Forum interview, Friedman lowered this figure to forty percent.

<sup>75</sup> PBS television program *The Advocates* episode “Proposition #1 taped October 29, 1973 and aired on KTLA on November 3, 1973.

<sup>76</sup> Milton Friedman to Professor Paul W. McCracken, June 10, 1977, Box 18, Folder Correspondence, 1975-1976, N, Paul Winston McCracken papers, Bentley Historical Library, University of Michigan (PWM).

<sup>77</sup> Milton Friedman, “The Limitations of Tax Limitation,” *Policy Review* (Summer 1978).

<sup>78</sup> See Ch. 6 in this dissertation.

<sup>79</sup> Hand-edited transcript of an undated Milton Friedman talk, Folder 1, Box 101, ACU. Milton Friedman, 236 “A Simple Idea Whose Time Has Come: Tax Limitation,” sound recording of interview for the Manion Forum broadcast October 28, 1973, Box 236, Milton Friedman papers, Hoover Institution Archives (MF).

<sup>80</sup> Aaron Director. Friedman lectures in 1977-1978.

interests like teachers or the Maritime Tea Tasters Board formed coalitions and logrolled legislation that voting majorities would not choose.<sup>81</sup> Friedman argued tax limitation was in the public interest.<sup>82</sup> “Let’s have the school teachers demonstrate that their need is greater than the need of the people who want to create welfare,” the economist told conservative talk show host Clarence Manion.<sup>83</sup> School teachers thought Californians needed welfare too, as they had demonstrated by petitioning for state funding for education and welfare in the 1970 ballot initiative Proposition 8.

Friedman, of the Chicago school known for advocating free markets in the private sector, introduced Uhler to Buchanan, of the Virginia school known for applying neoclassical economic theory to the public sector. Trained at the University of Chicago, Buchanan never achieved Friedman’s mainstream appeal but rather built an academic program on the margins, accepting private funds for research centers at public institutions of higher education.<sup>84</sup> Friedman’s son David worked with Buchanan at Virginia Polytechnic Institute, where he researched the relationship between taxes and expenditures.<sup>85</sup> While Friedman made frequent trips to plan and campaign for tax limitation, starting with California’s Proposition 1 in 1973, Buchanan left the day-to-day work to his graduate students. While Friedman was tax limitation’s publicist, public choice scholars were its theorists.

At Virginia universities in the 1950s and 1960s, economists studied non-market—or as they later called them, public—choices with James Buchanan in seminars and centers. Public

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<sup>81</sup> A penny per day per taxpayer that added up to a \$12,000 maritime subsidy per tradesman each year. William Rickenbacker, "The National Tax Limitation Committee," *The St. Croix Review* (1978). Wm. Craig Stubblebine, "California and the Revenue Limit," in Sonenblum, ed., *The California Tax Limitation Amendment*, 65 – 78.

<sup>82</sup> Milton Friedman, "It’s in the Public Interest," in Sonenblum, ed., *The California Tax Limitation Amendment*, 93-94.

<sup>83</sup> Milton Friedman, 236 "A Simple Idea Whose Time Has Come: Tax Limitation."

<sup>84</sup> Buchanan received his Ph.D. in economics after working with Frank Knight.

<sup>85</sup> Milton Friedman to Professor Paul W. McCracken, June 10, 1977, Box 18, Folder Correspondence, 1975-1976, N, PWM.

employees, who public choice theorists called bureaucrats, were motivated by self-interest, not service, and thus tried to increase the size of government. Buchanan predicted government spending would take one half of national income in a decade.<sup>86</sup> Writing for Reagan's Tax Reduction Task Force, Buchanan recommended imposing "constitutional restrictions" to force legislators "to face up to the inherent conflict between the interests of the citizenry and those of the bureaucracy." In campaign materials for California's 1973 Proposition 1, Buchanan warned against "an all-embracing bureaucracy-judiciary that threatens us."<sup>87</sup>

Buchanan used academic papers to recommend public policy, urging a "political entrepreneur" to solve the collective action problem of too many public goods, and coyly advising the "economist who may serve as consultant to a taxlimit group."<sup>88</sup> Applying the geometry of indifference curves from his work on pollution and the logic of defection from game theory, Buchanan predicted taxpayers in disequilibrium would "revolt" when they perceived that the quality or distribution of public spending had changed, or when inflation increased the burden of graduated, but not proportional, tax rates. To illustrate, Buchanan took examples from his personal politics: campus protests, like those he witnessed at UCLA in 1968 before abruptly resigning his professorship, and the War on Poverty demonstrated how taxpayers got fewer goods, and fewer of them.

During the 1972-1973 academic year, papers presented at Buchanan's Workshop on Non-Market Bureaucracy were commissioned by Reagan's Tax Reduction Task Force and funded by UCLA's Foundation for Research in Economics.<sup>89</sup> Works in progress, these papers were presented

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<sup>86</sup> James M. Buchanan, "Why Does Government Grow?" in Thomas E. Borcherding, ed. *Budgets and Bureaucrats: The Sources of Government Growth* (Durham, NC: Duke University Press, 1977).

<sup>87</sup> Endorsements of Proposition 1, undated, Box GO 114, CFLT—Weekly Memos (3/3) Folder, RL.

<sup>88</sup> James Buchanan and Marilyn Flowers, "An Analytical Setting for a 'Taxpayers' Revolution," *Economic Inquiry* 7, no. 4 (1969): 349-359. James Buchanan, "The Potential for Taxpayer Revolt in American Democracy," *Social Science Quarterly* 59, no. 4 (1979): 691-696.

<sup>89</sup> Held weekly on Wednesday nights at Virginia Polytechnic Institute's Center for the Study of Public Choice.

at a December 1-2, 1972 Task Force conference in California, and published in the edited collection *Budgets and Bureaucrats: The Sources of Government Growth*.<sup>90</sup> Buchanan and seven of his students together researched the question “What Motivates Government Spending?” Arguing that nineteenth-century industrialization did not meaningfully expand government, Buchanan wanted to know if twentieth-century public spending responded to “people’s desire for programs, or independently of those desires.”<sup>91</sup>

Among their findings: productivity grew faster in the private than in the public sector, taxpayers underestimated their income taxes when they were withheld from salaries, and their property taxes when they were paid with mortgages, and educators consolidated school districts because it gave them more bargaining power. Tullock thought that bureaucracies grew because “the factor supplies,” or public employees, were “permitted to vote.”<sup>92</sup> While tax limiters never formally proposed removing the franchise, they did impose constitutional restrictions that shifted fiscal decisions away from public employees. Buchanan thought performance contracting or privatization would more effective than budgetary limits. With the 1971 Stull Act, California had imposed performance measurements on teachers and yet they still demanded collective bargaining rights. Perhaps tax limitation, or “power limitation” as Uhler called it, was necessary to change education policy.

Reagan’s Task Force commissioned applied research from Claremont McKenna College professor of economics Craig Stubblebine. UCLA Department of Economics chair La Force and Claremont’s Art Kemp recommended Stubblebine, “a known and recognized student of Jim

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<sup>91</sup> James M. Buchanan, “Why Does Government Grow?” in Thomas E. Borcherding, ed. *Budgets and Bureaucrats: The Sources of Government Growth* (Durham, NC: Duke University Press, 1977), 7.

<sup>92</sup> Gordon Tullock, “What Is To Be Done?” in Thomas E. Borcherding, ed. *Budgets and Bureaucrats: The Sources of Government Growth* (Durham, NC: Duke University Press, 1977), 285.

Buchanan,” and one of the few in California.<sup>93</sup> Indeed, Stubblebine who earned his PhD in economics under Buchanan at the University of Virginia in 1963, had just returned to California after a year as a visiting scholar at Buchanan’s new Center for the Study of Public Choice at the Virginia Polytechnic Institute. As president of the Western Tax Association, Stubblebine was also experienced in tax politics. In September 1972, Uhler arrived at Stubblebine’s office in the Department of Economics at Claremont. Although he remarked at the time that Uhler and his associates were “three crazies,” by the end of the month Stubblebine had agreed to survey taxpayers about their views on public spending.

As Reagan told it, his Task Force was greeted with “bear hugs” at UCLA, then known as “Chicago West.” As Walton remembered, UCLA economists like Clay LaForce and Phoebus Dhrymes had “been looking for some government somewhere that would have the courage to really take a hard, objective look at what’s happening to this country.”<sup>94</sup> Funded by The Foundation for Research in Economics and Education, managed by La Force and his UCLA colleague Armen Alchian, Stubblebine conducted a “motivational research study” to test the appeal of tax limitation in the fall of 1972. Identifying the “fundamental issue (as) whether Californians will continue to live in a world of growing governmental involvement in their daily activities” Stubblebine hoped his fellow Californians would choose “a more private world.”<sup>95</sup> Stubblebine had not known public finance economists to poll, but thought “it would be fun to cut (his) teeth.”<sup>96</sup> The market research firm Haug Associates, Inc. helped Stubblebine design and run the survey, his first.

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<sup>93</sup> Stubblebine, Morris oral history, 2

<sup>94</sup> #502 October 19, 1973 Governor Ronald Reagan’s Speech to United Taxpayers Organization, Hollywood High School, Los Angeles, CA, RA. F. J. Walton’s Speech Before Speakers’ Bureau in San Diego on September 8, 1973, Box GO 118, <> Folder, RL.

<sup>95</sup> Wm. Craig Stubblebine, “California and the Revenue Limit,” in Sonenblum, ed., *The California Tax Limitation Amendment*, 78.

<sup>96</sup> Stubblebine, Morris oral history, 4

With a survey design closer to a push poll than a scientific instrument, Stubblebine put a price on government services and asked if they were worth it. The price mechanism, the Chicago school taught, was the only “rational, fair, responsible” way to allocate scarce resources.<sup>97</sup> However, without user fees or specific taxes for public goods, California’s budget “obscured or masked” the information people needed to make decisions about how much government they wanted. To get “people to try to make choices in a sensible context,” surveyors showed respondents a chart of benefits from additional public spending by tax income bracket.<sup>98</sup> Stubblebine found that Californians underestimated the cost of government. Public finance economists routinely criticized public choice economists like Stubblebine over their calculations. Not an objective measurement, cost was a political debate. To approach the forty plus percent of income tax limiters claimed government took, the Tax Reduction Task Force included receipts like college football tickets.

The Tax Reduction Task Force looked to the long history of American tax resistance—from nonpayment to restrictions on the tax rate or base—and rejected past methods of restraining tax revenues in favor of a constitutional approach to limiting overall government spending. Drafting an amendment to the California constitution, Uhler copied the methodology of the “other side,” which recognized “that the way you make progress is to embed something in law.”<sup>99</sup> A spending limit was stronger than a taxing limit, which could be evaded by inflating or borrowing money. Still, depending on whether or not states levied an income tax, either might work. Nonetheless, everyone called it tax limitation.

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<sup>97</sup> Lewis K. Uhler, "Tax Limitation--A Fiscal Policy Whose Time Has Come" at the first symposium in UCLA's Public Issues Forum published in Sidney Sonenblum, ed., *The California Tax Limitation Amendment: Wisdom or Folly?* (Los Angeles: Institute of Government and Public Affairs, University of California, 1973).

<sup>98</sup> Stubblebine, Morris oral history, 10

<sup>99</sup> Lewis Uhler, Box 117, Folder 107 Tape Part 2 CPAC '79—"Tax Limitation" cont'd, MSS 176; Register of the American Conservative Union; 20th & 21<sup>st</sup> Century Western and Mormon Americana; L. Tom Perry Special Collections, Harold B. Lee Library, Brigham Young University (ACU).

Tax limitation was designed for an age of cost of living increases. The limit would allow the state budget to grow each year by the growth in total personal income (or gross state product), less a factor meant to ratchet down the real level of spending to seven percent by one-tenth of one percent over the next fifteen years. For the purposes of bounding the budget, an “Economic Estimates Committee” of economists would calculate income. By contrast, inflation made liberal property tax relief alternatives like homestead exemptions and circuit breakers less effective.<sup>100</sup> The limit was designed to incentivize property tax rate cuts, but not these rebates to the elderly and poor.<sup>101</sup> Inflation had, however, made California’s highly progressive income tax more effective. Through a tax refund, lower rates, and higher exemptions, California’s tax limitation also targeted the state income tax Governor Reagan had reluctantly begun withholding from workers’ paychecks just two years before.<sup>102</sup> During the ballot campaign, promotional materials listed these income tax benefits first.

At 5,700 words, the constitutional amendment attempted to prevent tax limit avoidance. Counter-cyclical spending required a super majority of state legislators to overturn the limit. The measure prevented cost shifting by requiring the state to pick up the tab for any newly-mandated local services. However, Proposition 1 prepared for the eventuality of “Serrano-type” school finance equalization, lifting the limit for school costs future courts shifted to the state.<sup>103</sup> Drafters could not rewrite the whole tax code, however. Talking with Los Angeles reporters, Milton Friedman deflected a common question about tax loopholes raised by the left tax revolt saying, in

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<sup>100</sup> Robert Kuttner, *The Shifting Property Tax Burden: The Untold Cause of the Tax Revolt*, (Washington, D.C.: Conference on Alternative State and Local Policies, 1981).

<sup>101</sup> A. Alan Post, "Economic and Fiscal Implications" in Sonenblum, *The California Tax Limitation Amendment*, 31-54.

<sup>102</sup> Californians for Lower Taxes, “Argument in favor of Proposition 1” brochure, Box GO 114, Brochures, Mailers (1/3) Folder, RL.

<sup>103</sup> Californians for Limited Taxation, “The Tax Limitation Amendment, Proposition 1, and our Schools and Colleges” in The Proposition 1 Fact Book, undated, Box GO 114, Background/Facts (2/2) Folder, RL.

the memory of one Reagan public relations staffer, that “it didn’t do anything about loopholes because it was not designed to do anything about loopholes or measles, either.”<sup>104</sup>

### **The “most damaging political defeat of the Gipper’s career:” Proposition 1 in Reagan’s California<sup>105</sup>**

As the only initiative to qualify for the November 6, 1973 special election, tax limitation was known as Proposition 1. In the course of forty-four drafts, Uhler’s proposed five percent tax limit rose to seven percent; California was then at eight and three-quarters. Seeking victory at the state ballot box, Uhler removed limits on federal spending and local taxes, permitted a reserve fund, slowed the automatic spending decrease to one-third percent a year, and added a “hold harmless” clause to maintain local budget levels. These were significant concessions, and in 1973, they were not enough. During a campaign involving lawsuits, judgeship trading, and personal rivalries, the Reagan administration split over ideological and political priorities while liberal and education organizations united to stop the amendment. Reagan loyalists wrote Walton and Uhler out of political history because they were responsible for what Reagan biographer Lou Cannon called the “most damaging political defeat of the Gipper’s career,” Proposition 1.<sup>106</sup>

Proposition 1 was supposed to remake Reagan, whose California administration had increased taxes and budgets, into a fiscal conservative for a presidential run. At the end of the tax revolt decade of the 1970s, the journalist Bob Kuttner, now of the *American Prospect*, declared Proposition 1 “the very first of the frankly ideological tax and spending limit attempts.”<sup>107</sup>

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<sup>104</sup> Jerry C. Martin, “Information and Policy Research for Ronald Reagan, 1969-1975,” an oral history conducted by Sarah Sharp in 1981-1982, Regional Oral History Office, The Bancroft Library, University of California, Berkeley, 1983, 73-74.

<sup>105</sup> Mike Deaver and Ed Meese. Lou Cannon, *Governor Reagan: His Rise to Power* (New York: Public Affairs, 2003): 368.

<sup>106</sup> Mike Deaver and Ed Meese. Lou Cannon, *Governor Reagan: His Rise to Power* (New York: Public Affairs, 2003): 368.

<sup>107</sup> Kuttner, *Revolt of the Haves*, 139.



Conservative journalists thought so too: *Wall Street Journal* editorialist James Ring Adams argued Proposition 1 “may be the most logical” starting point for the tax revolt.<sup>108</sup> Although Uhler was too far right for Reagan to keep in a public role, after tax limitation was adopted elsewhere, he and his National Tax Limitation Committee advised the Reagan White House.

The campaign for tax limitation began within a Reagan administration protective of the governor’s political success. To circumvent skeptical aides, Uhler had mailed a crucial memo directly to Reagan’s father-in-law in Scottsdale, Arizona where the extended family spent the 1972 Christmas. At fourteen pages, Uhler’s memo was longer than Reagan’s one page preference, but it made a lasting impact.<sup>109</sup> Reagan kept one copy of Uhler’s memo in his Sacramento office desk, where archivists discovered it at the end of his governorship, and another in his Pacific Palisades home, where the economist Martin Anderson found it while clearing out the late president’s desk.<sup>110</sup> Though they would later tell a different story to journalists, Reagan’s kitchen cabinet opposed tax limitation for a variety of reasons: it was too partisan, complex, or restrictive.<sup>111</sup> Reagan’s budget director told the biographer Lou Cannon that Uhler was a “loudmouth” who “sold the governor on his idea.”<sup>112</sup>

Once Reagan decided to pursue tax limitation after twenty-six hours of cabinet meetings at the Mansion Inn outside Sacramento, everyone fell in line. As the economist Craig Stubblebine

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<sup>108</sup> James Ring Adams, *Secrets of the Tax Revolt*, 1st ed. (San Diego: Harcourt Brace Jovanovich, 1984).

<sup>109</sup> Governor’s Office—Tax Reduction Task Force to Governor Ronald Reagan re Interim Report and Recommendation, December 20, 1972, LKU.

<sup>110</sup> Interview with Governor’s Papers archivist Jennifer Mandel, May 9, 2018. Interview with Lew Uhler, March 6, 2019.

<sup>111</sup> Mike Deaver, Ed Meese, Don Livingston, and Verne Orr. Deaver told the journalist Lou Cannon that he had supported tax limitation from the start. Livingston and Orr wanted the proposition to be less restrictive. Meese tended to agree with them, but in Livingston’s characterization, agreed more with the Governor that: “if you’re going to go to all this trouble, you might as well put into concrete what it was you really wanted to do.” Donald Glenn Livingston, “Program and Policy Development in Consumer Affairs and the Governor’s Office,” an oral history conducted by Gabrielle Morris in 1982-1984, Regional Oral History Office, The Bancroft Library, University of California, Berkeley, 1986, 73.

<sup>112</sup> Orr.

wryly observed, "The hallmark of a Reagan administration is team effort."<sup>113</sup> While Reagan previewed the idea in his 1973 State of the State Address, he made an official announcement to a gathering of California newspaper reporters on February 8, before the amendment language was finished. Stubblebine commuted to Sacramento from Claremont throughout the winter of 1973 to write the amendment with Uhler, his staffer Charlie Hobbs, and Anthony Kennedy, then practicing and teaching law in Sacramento.<sup>114</sup> Uhler and Kennedy had been introduced through their law partners, and Kennedy would continue to offer legal advice throughout the campaign.<sup>115</sup> Bill Niskanen and the Hoover Institution's Roger Freeman came to consult a few times, and other advisors were reached by phone and mail.

Controversially, Freeman paid for his work on the tax limitation ballot initiative with a government contract to plan school finance after the *Serrano v. Priest* ruling that unequal local school property taxes were unconstitutional.<sup>116</sup> Freeman had other sources of government funding. Nixon's Presidential Commission on School Finance solicited a paper from the Hoover Institution economist on income tax credits for private school tuition.<sup>117</sup> Reagan's Tax Reduction Task Force took another approach: rebating income taxes by constitutional amendment.

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<sup>113</sup> Stubblebine, Morris oral history, 46

<sup>114</sup> At the time, Kennedy was practicing law at Evans, Jackson, and Kennedy in Sacramento and teaching at the McGeorge School of Law, University of the Pacific.

<sup>115</sup> Identifying himself as counsel to the Proposition 1 campaign, Kennedy wrote to the president of the California Broadcasters Association to object to opposition ads. Anthony M. Kennedy to Howard Smiley, October 25, 1973, Box GO 114, Terry Chambers—Correspondence [10/10/1973 thru ?/1973], Folder, RL.

<sup>116</sup> Folder Tax Reduction Task Force 3, Box 46, William A. Niskanen papers, Hoover Institution Archives.

<sup>117</sup> Tax Reduction Task Force, Report Outline, Folder Tax Reduction Task Force, Box 45, William A. Niskanen papers, Hoover Institution Archives. Roger A. Freeman, "Income Tax Credits for Tuitions and Gifts in Nonpublic School Education," December 1971, American Enterprise Institute reprint, Folder Education Credit 1971-1973, Box 691, NAM 2020.

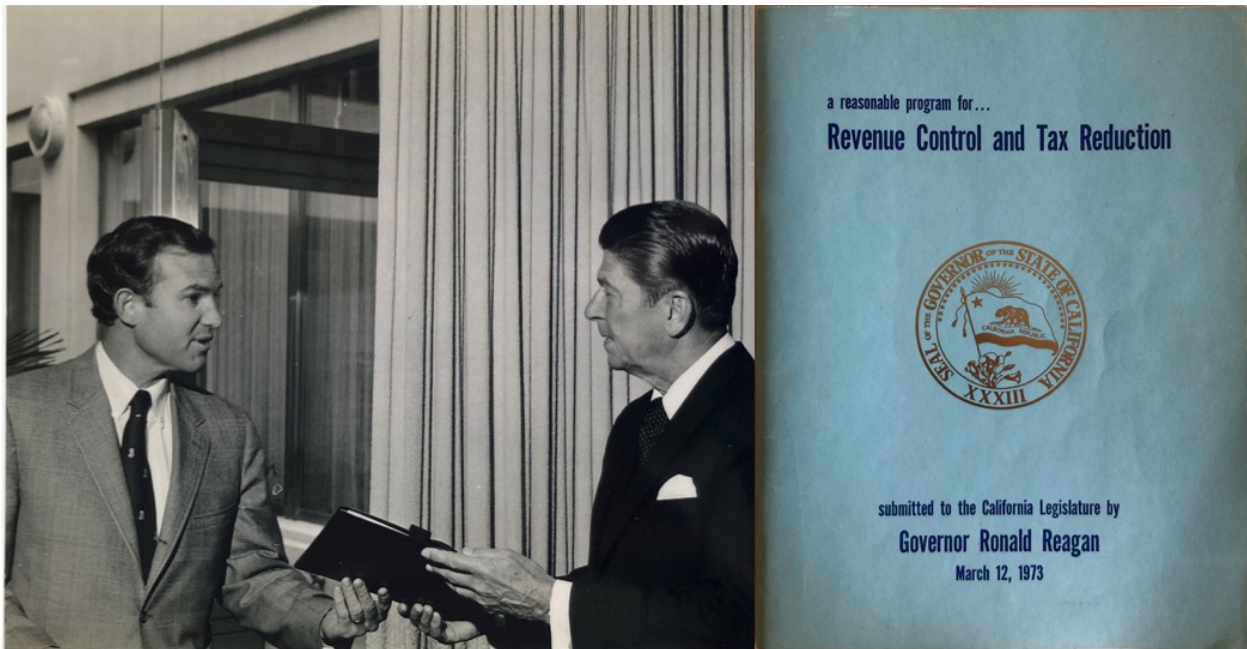


Fig. 2: Uhler hands Reagan the Tax Reduction Task Force’s Final Report in a photo Uhler keeps in his office. The widely available “blue book” contained the tax limitation language.

The Reagan administration, perhaps with an eye to the 1976 presidential election or to low voter turnout during an off-year election, insisted on a special fall election for voters to consider tax limitation. Held the same day as a number of local elections, the tax limitation vote would cost an additional \$3 million. The state promised to pay even as Reagan raised the estimate to \$6.5 million in the fall.<sup>118</sup> Knowing the majority Democratic legislature was unlikely to put the measure on the ballot, the Task Force began a petition drive to collect more than half a million signatures by the end of June.

Initiative petitions were “big business in California,” with voters deciding 20 or more ballot measures in June and November elections every other year throughout the early 1970s. One professional signature gatherer joked that for \$500,000 he could qualify “a measure to execute the

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<sup>118</sup> #494 September 19, 1973 Governor Ronald Reagan’s Speech and Question and Answer Session with Los Angeles Jaycees, Ronald Reagan Gubernatorial Audiotape Collection, Ronald Reagan Library (RA).

governor by Christmas.”<sup>119</sup> To circulate petitions, Deaver hired an advertising firm, Larson/Bateman, Inc. which recommended presenting the campaign as a “peoples” fight by appealing to the “little guy for support” to avoid it being a “‘Big Business’ supported issue.”<sup>120</sup> Larson/Bateman decided newspaper ads announcing the petition “should not look too slick or arty” but rather “sincere.”<sup>121</sup> In addition to recruiting petition circulators through these ads, Larson/Bateman purchased commercial lists of conservative donors and bookbuyers, sportsmen, and environmentalists for direct mail.<sup>122</sup>

The short timeline meant that Reagan had to find volunteer signature gatherers as well.<sup>123</sup> When Reagan called Howard Jarvis to enlist his United Taxpayers Organizations, Jarvis cut off the Governor’s explanation of tax limitation: Jarvis already knew of the plan, and was for it.<sup>124</sup> Even the Tax Reduction Task Force Steering Committee chair Frank Walton got involved, collecting signatures with his wife on the weekend at the supermarket.<sup>125</sup> By the beginning of June, the campaign was within 200,000 signatures, and Larson/Bateman thought “someone would be generous enough to donate \$60,000 so you could buy them and be done with it.”<sup>126</sup> Local taxpayers associations like Contra Costa County’s participated in a “big push” mid-June, and lucky circulators handed in their petitions to Reagan himself at rallies.<sup>127</sup>

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<sup>119</sup> Anonymous quoted in Gladwin Hill, *Dancing Bear: An Inside Look at California Politics*, 5 in Aufderheide, “State Policy Making.”

<sup>120</sup> Contact Report #1 for Mike Deaver, Box GO 115, Correspondence (1/5) [Feb. 73 thru April 73] Folder, RL.

<sup>121</sup> Contact Report #3 for Mike Deaver, Box GO 115, Correspondence (1/5) [Feb. 73 thru April 73] Folder, RL.

<sup>122</sup> Walt Miller to Mike Deaver, May 2, 1973, Box GO 115, Correspondence (2/5) [Feb. 73 thru April 73] Folder, RL.

<sup>123</sup> Deaver hired Larson/Bateman, Inc. Box GO 115, Correspondence (1/5) [Feb. 73 thru April 73] Folder, RL.

<sup>124</sup> #502 October 19, 1973 Governor Ronald Reagan’s Speech to United Taxpayers Organization, Hollywood High School, Los Angeles, CA, RA.

<sup>125</sup> Frank J. Walton, “Transportation Policies and the Politics of Conservatism, 1964-1974,” an oral history conducted by Sarah Sharp in 1983, Regional Oral History Office, The Bancroft Library, University of California, Berkeley, 1986.

<sup>126</sup> Walt Miller to Mike Deaver, June 6, 1973, Box GO 115, Correspondence (2/5) [Feb. 73 thru April 73] Folder, RL.

<sup>127</sup> #477 June 13, 1973 (Part 1) Governor Ronald Reagan’s Speech to Contra Costa Taxpayers Association, RA.

With Reagan out in front, Proposition 1 never became the citizens' campaign, the "Committee of Ten Thousand," Uhler desired.<sup>128</sup> A new group, Californians for Lower Taxes, was supposed to organize broad-based support for Proposition 1, but took orders from the governor's aides. The University of Southern California president emeritus Norman Topping, who had led the group opposed to the Los Angeles county tax assessor's property tax cut the year before, was named Citizens for Limited Taxation chair in April.<sup>129</sup> Where the Watson Initiatives were dismissed as a tax shift, California institutions now endorsed Proposition 1. Indeed, Watson himself sat on the steering committee, the Hewlett-Packard co-founder, the president of the California Taxpayers Association, a Reagan appointee to the presidency of the State Board of Education, the president of the California Farm Bureau, the director of the state Department of Finance, and a hotel chain owner.<sup>130</sup> Proposition 1 was the first tax measure the influential California Taxpayers Association gave its full support.<sup>131</sup>

Over the summer, business endorsements had rolled in, from the California Chamber of Commerce to the Greater San Francisco Chamber of Commerce to the Los Angeles Chamber of Commerce.<sup>132</sup> Reagan raised money alongside the president of Southern Pacific Company, a leader of the California Chamber of Commerce.<sup>133</sup> Californians for Lower Taxes Chairman Norman Topping sent members of the 84 Chambers of Commerce that endorsed Proposition 1 the brochure and urged "we taxpayers" to "inform and involve as many people as possible." The

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<sup>128</sup> Uhler, Morris oral history.

<sup>129</sup> "Reagan Pushes Tax Ceiling Initiative," *California Journal* IV, no. 4 (1973). 127

<sup>130</sup> "For it..." *United Teacher* 1 (2), September 28, 1973, 5, Box 17, Folder 1, UTLA.

<sup>131</sup> California Taxpayers' Association, "Tax Initiative On November 6<sup>th</sup> Ballot is First to Have Full Cal-Tax Support," *Cal-Tax News*, 14 (9), September 1973, 1, Box GO 114, Brochures, Mailers (2/3) Folder, RL.

<sup>132</sup> John T. Hay to The Honorable Ronald Reagan, July 25, 1973; Jim Haynes to The Honorable Ronald Reagan, June 15, 1973, Box GO 114, Chamber of Commerce Letters Folder, RL. Vince Bordelon to Interested Parties re: Governor Reagan's Tax Initiative, August 31, 1973, Box GO 114, Terry Chambers—Correspondence [5/1973 thru 9/1973], Folder, RL.

<sup>133</sup> Ben Biaggini.

National Federation of Independent Business provided free Proposition 1 brochures for distribution. After an address by Ronald Reagan, and a debate, seven out of ten participating members of the influential Commonwealth Club of California voted to support Proposition 1.<sup>134</sup>

When tax limitation qualified for the ballot, the legislature finally passed the tax relief that Reagan had been asking for, rebating twenty percent of the previous year's income taxes and reversing the SB 90 one cent sales tax increase.<sup>135</sup> Uhler thought the legislature passed these bills to "pull the teeth" out of tax limitation, putting Reagan in a tough position.<sup>136</sup> Nonetheless, the governor signed. The opposition group Californians Against Proposition No. 1 sued, arguing that the legislature had passed some of what the ballot measure promised, forcing ballots to be reprinted with new language.<sup>137</sup> Reagan even approved a tax override election for LA schools after Prop 1 qualified for the ballot.<sup>138</sup> Politics diluted the ideological bite of tax limitation.

Within the Reagan administration, Uhler, who had been a liability since he persuaded the governor to cut California Rural Legal Assistance, was increasingly marginalized as allies and enemies reacted to his idea. During the petition drive, Reagan brought Uhler, who the governor acknowledged "could probably give better answers," to interviews.<sup>139</sup> During the Proposition 1 campaign, Reagan put his long-time aide Mike Deaver in charge. Uhler's friends told a Sacramento reporter that whenever he or Walton called the campaign office, Deaver quickly

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<sup>134</sup> "Club Vote in Support of Initiative," *The Commonwealth* LXVII (44), October 29, 1973, Box GO 114, Brochures (Info Handouts) Folder, RL.

<sup>135</sup> Lewis K. Uhler, untitled reprint from *California Homeowner*, the magazine of the Statewide Homeowners Association.

<sup>136</sup> Uhler, Morris oral history, 23.

<sup>137</sup> Whitaker & Baxter, "The 1973 Campaign Against Proposition No. 1" stamped "MEA—Public Affairs Division," Box 39, Folder 25, Michigan Federation of Teachers Records Part III, Archives of Labor and Urban Affairs, Wayne State University (MFT). "UTLA Board Opposes Prop. 1," *United Teacher* 1 (1), September 17, 1973, Box 17, Folder 1, UTLA.

<sup>138</sup> Rick Perlstein, *The Invisible Bridge: The Fall of Nixon and the Rise of Reagan* (New York, NY: Simon & Schuster, 2014).

<sup>139</sup> #477 June 13, 1973 (Part 1, 2) Continuation of Governor Ronald Reagan's interview on Radio Program with Lew Uhler on Prop. 1 (Tax Initiative), RA.

reversed their orders.<sup>140</sup> When Uhler sent a memo directly to Reagan in early August, Deaver reprimanded him: “Since all correspondence relative to the tax initiative addressed to the Governor comes to me ultimately, you will save time by addressing it to either Terry Chambers or me.”<sup>141</sup> Deaver wrote the staff of Californians for Lower Taxes, insisting that contact with the Governor’s office go through an assistant, and that Deaver pre-approve any requests for the Governor’s time.<sup>142</sup>

Deaver let the campaign, his first, slip over the summer. During this time, presentations by the CTA and other opponents to local councils and boards persuaded them that Prop 1 would shift costs to communities, and led to resolutions against the measure.<sup>143</sup> The Sacramento journalist Bill Boyarski thought Reagan’s aides, trained in “easy and relatively gentlemanly contests against weak opponents” were unprepared for the kind of contentious ballot initiative California had a long history of.<sup>144</sup> Reagan’s long-time political campaign firm, Spencer-Roberts and Associates, was unavailable as its co-owner helped the assembly speaker fight Proposition 1. Referencing the open secret of Deaver’s alcoholism, which would be his downfall in the Reagan presidential administration, one California state senator remarked “the governor assigned some of his top pygmies to” Proposition 1 whose “only good characteristics were mixing a drink.”<sup>145</sup>

By the time Deaver had the campaign up and running again in the fall, inexperienced professionals were in charge. Deaver formed his own firm, which he hoped would run Reagan’s presidential campaign, with advertiser Peter Hannaford, who coordinated Bay-area Prop 1 efforts.

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<sup>140</sup> John Berthelsen, “Reports Say Ill Will, Debt Upset Reagan Staff Unity,” *Sacramento Bee*, <

<sup>141</sup> Michael K. Deaver to Lew Uhler cc: Terry Chambers and Ed Meese, August 6, 1973, Box GO 114, Terry Chambers—Correspondence [5/1973 thru 9/1973], Folder, RL.

<sup>142</sup> Michael K. Deaver to All Staff of Californians for Lower Taxes, September 11, 1973, Box GO 114, Terry Chambers—Correspondence [5/1973 thru 9/1973], Folder, RL.

<sup>143</sup> Peter Hannaford, “Expanding Political Horizons,” an oral history conducted in 1982 by Gabrielle Morris, Regional Oral History Office, The Bancroft Library, University of California, Berkeley, 1984.

<sup>144</sup> Boyarsky, *Ronald Reagan: His Life and Rise to the Presidency*, 163

<sup>145</sup> Quoted in Cannon, *Governor Reagan*, 380.

A consultant solicited donations from wealthy Republicans. The advertising agency, Larson-Bateman, Inc., which had coordinated the petition drive, wrote campaign materials and fundraising letters in its first “big political campaign.”<sup>146</sup> Based on pollster Decision Making Information’s questions of Prop 1 supporters, Larson-Bateman designed three ads to feature Reagan, and appeal to supportive demographics: conservative Democrats and the “working man-union member,” middle-class suburban housewives, and “the egghead,” who showed how tax limitation benefited education.<sup>147</sup>

California’s most experienced political consultancy, Whitaker & Baxter, ran the opposition campaign. At the outset, Proposition 1’s opponents came “principally from the educational community and the League of Women Voters.”<sup>148</sup> These groups had followed tax limitation as a legislative bill and initiative petition in the spring. In August, the California Teachers Association seeded an opposition campaign with \$50,000. As the new school year began, the United Teachers Los Angeles board of directors voted to oppose Proposition 1.<sup>149</sup> Californians Against Proposition No. 1 mailed informational and educational materials targeting organizations rather than individuals. Campaign staff and volunteers followed up in person with these organizations, newspapers, and stations. California Teachers Association leaders spoke with businessmen, and the no campaign blocked a number of endorsements. Both Walton and Reagan personally and

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<sup>146</sup> Bill Boyarsky, “Stars of Prop. 1 TV Commercials Reflect Strategy of Pros, Anti,” *Los Angeles Times*, October 31, 1973, <>. Larson/Bateman Inc. Production Dept. memo re: Samples to Mr. Chambers, September 5, 1973, Box GO 114, Brochures (Info Handouts) Folder, RL.

<sup>147</sup> Bill Boyarsky, “Stars of Prop. 1 TV Commercials Reflect Strategy of Pros, Anti,” *Los Angeles Times*, October 31, 1973, <>.

<sup>148</sup> Whitaker & Baxter, “The 1973 Campaign,” 3.

<sup>149</sup> “UTLA Board Opposes Prop. 1,” *United Teacher* 1 (1), September 17, 1973, 1, Box 17, Folder 1, UTLA.



unsuccessfully pleaded with the League's president to tone down the general interest group's criticism.<sup>150</sup>

Divided as they were over how to fund schools, labor leaders and Democrats agreed that Proposition 1 would worsen the school fiscal crisis. Unions like the United Auto Workers and the International Ladies Garment Workers Union stated their opposition, and the California Labor Federation distributed materials to its 1,600,000 members. Local coalitions, as they were financially able, placed ads presumably designed by Whitaker & Baxter in newspapers and on radio broadcast. Californians Against Proposition No. 1 coordinated with the assembly speaker, who paid for television ads, and other political opponents, who contributed resources. At a joint press conference, every Democratic candidate for governor in 1974, including the assembly speaker, announced their opposition to Proposition 1. Californians for Lower Taxes blamed the assembly speaker for turning their "non partisan" campaign into a "political fight."<sup>151</sup>

After the California Teachers Association filed a lawsuit over the use of state funds to put Proposition 1 on the ballot, six Reagan staffers took leaves of absence from the Governor's Office to work full-time on tax limitation. The economist Craig Stubblebine joked with his wife Carol, a teacher and California Teachers Association member, that she sued her husband "over a paltry \$900" the Tax Reduction Task Force had paid him.<sup>152</sup> Berkeley economist Bill Niskanen earned at most \$500. Uhler issued contracts to these and other economists from his position in the Department of Health Care Services with little regard for civil service rules. Pulling staff

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<sup>150</sup> Walton wrote to Kaplan to ask the League to change its description of Prop 1 in a pro/con piece of literature. Frank Walton to Mrs. Kenneth Kaplan, September 4, 1973, Box GO 114, Terry Chambers—Correspondence [5/1973 thru 9/1973], Folder, RL.

<sup>151</sup> Terry Chambers memo to all Area Coordinators, County Chairmen, Community Chairmen, November 5, 1973, Box GO 114, CFLT—Weekly Memos (3/3) Folder, RL.

<sup>152</sup> Stubblebine, Morris oral history, 34.

assistants, technical assistants, graphic artists, and secretaries from their work elsewhere in state government, the Tax Reduction Task Force spent \$161,000 in public funds.<sup>153</sup>

On leave from his administration, the governor's staff coordinated the tax limitation campaign. By the end of August, supportive state legislators had assigned staffers to the tax limitation campaign.<sup>154</sup> By the end of September, one of Frank Walton's former aides, now in charge of Californians for Lower Taxes' daily operations, began sending weekly memos to the organization's newly recruited county chairmen with quotes from Reagan and his economists, sample resolutions for organizations to pass, sample letters to the editor, a twenty-five minute sample speech "It's Your Money Make Them Give It Back," and various organizational forms.<sup>155</sup> As the election approached, the governor's staff urged county chairmen to secure endorsements from newspapers, civic clubs, school boards, city councils, and "local thought-leaders" including "respected businessmen, ministers, club presidents, and community-minded ladies."<sup>156</sup> A Speakers Bureau sent speakers across the state. Lucky organizations like the Apartment Association of San Fernando Valley who requested speakers heard from Howard Jarvis, who was "extremely well versed in all the details of the Tax Initiative."<sup>157</sup> Jack Bacon and Associates conscripted local realty boards.<sup>158</sup> However, secretary of Business and Transportation Frank Walton faulted this recruitment outside traditional party channels.<sup>159</sup>

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<sup>153</sup> Folder Tax Reduction Task Force 3, Box 46, William A. Niskanen papers, Hoover Institution Archives.

<sup>154</sup> Michael D. Antonovich, Burke, Bud Collier, Cline, Richardson. Jack Bacon to Terry Chambers, August 24, 1973, Box GO 114, Terry Chambers—Correspondence [5/1973 thru 9/1973], Folder, RL.

<sup>155</sup> Californians for Lower Taxes Fact Kit, Quotables, Sample Resolution, undated, Box GO 114, CFLT—Weekly Memos (Terry M. Chambers) (1/3), RL.

<sup>156</sup> Californians for Lower Taxes, Instructions for Area and Community Chairmen, undated, CFLT—Weekly Memos (Terry M. Chambers) (2/3), RL.

<sup>157</sup> Helen Sayles Sisson to Mrs. Ellen Landers, September 20, 1973, Box GO 114, Terry M. Chambers—Correspondence—Misc [9/20/73 thru 10/9/1973], Folder, RL.

<sup>158</sup> Bacon to Chambers.

<sup>159</sup> Connie Skiptares, "Reagan Aide's View: 'Faulty Campaign Defeated Prop. 1,'" *San Jose Mercury News*, November 29, 1973, <>.

Again, the campaign relied on Reagan's celebrity to appeal to ordinary people. With a robo call and a letter to his "Resources team," Ronald Reagan recruited campaign volunteers.<sup>160</sup> Only two weeks before the election did the campaign send "marching orders" to "get out the vote." Californians for Limited Taxation county chairman worked alongside the Republican State Central Committee—sometimes "these two organizations (were) one and the same"—to identify yes voters. Worried that campaigners might turn out no voters, staffers advised the "effective and thinking precinct chairman" to "stick your toe in to test the temperature of the water before jumping in" to avoid getting burned.<sup>161</sup> Increasingly frenzied, Californians for Limited Taxation urged volunteers to "WIN THIS ONE AS A START TOWARD CHECKING THE GROWTH OF SOCIALISM IN THE UNITED STATES."<sup>162</sup> Still, party discipline required a stick. Rumors abounded: Reagan would withhold funds from Republican opponents, Deaver kept an enemies list.<sup>163</sup>

At the end of October, California businesses stuffed employees' pay envelopes with Proposition 1 messages. Californians for Lower Taxes vice chairman J. S. Fluor, of the eponymous energy construction company, sent five sample inserts for payroll envelopes and asked 3,000 "Fellow Employers" not only to send them out to their employees but to ask ten of their peers to do the same.<sup>164</sup> Purex Corporation, Ltd. promised employees a 7.5 percent reduction in the next year's state taxes if only they'd "ask for it" by voting for Proposition 1.<sup>165</sup> Setzer Forest Products

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<sup>160</sup> Norman B. Livermore, Jr. to Mr. Ford B. Ford, October 28, 1973, Box GO 114, Terry Chambers—Correspondence [10/10/1973 thru ?/1973], Folder, RL.

<sup>161</sup> T. M. Chambers memo to All CFLT County Chairmen, RSCC County Chairmen, All Campaigners At All Levels, October 20, 1973, CFLT—Weekly Memos (2/3), Box GO 114, RL.

<sup>162</sup> Terry Chambers memo, October 24, 1973, Box GO 114, CFLT—Weekly Memos (3/3) Folder, RL.

<sup>163</sup> September 19, 1973 Governor Ronald Reagan's Press Conference Regarding Tax Initiative Prop 1, ◇, RL. John Berthelsen, "Reports Say Ill Will, Debt Upset Reagan Staff Unity," *Sacramento Bee*, ◇.

<sup>164</sup> J. S. Fluor to Fellow Employer, undated, Box GO 114, Brochures, Mailers (3/3) Folder, RL. Terry Chambers memo, October 24, 1973, Box GO 114, CFLT—Weekly Memos (3/3) Folder, RL.

<sup>165</sup> W. R. Tincher to The Honorable Ronald Reagan, October 25, 1973; W. R. Tincher to California Employees of Purex, November 1, 1973, Box GO 114, Brochures, Mailers (1/3) Folder, RL.

told much of the state's lumber industry that Proposition 1 would fix a constitutional flaw, asking them to pass on materials to "friends and employees."<sup>166</sup> Bechtel Corporation, a San Francisco construction company, delegated an employee for the campaign's last week.<sup>167</sup>

In Los Angeles, the tax limitation campaign pulled out all the stops. At a United Organizations of Taxpayers rally at Hollywood High School run like a religious revival, a dissenting school board member led the pledge of allegiance, a Baptist preacher delivered the invocation, a country musician sang about taxes, and Howard Jarvis introduced Ronald Reagan, telling attendees their ticket would be a souvenir when Reagan was president.<sup>168</sup> Jarvis handed out buttons reminding campaigners to bring eight people to the polls to vote yes before 10 am on election day. The wealthy had their own campaign swag: Los Angeles County airline ticket agents offered absentee ballots to travelers, likely to be Republican, as they flew out.<sup>169</sup> Stubblebine suggested that the campaign had secured the city council's endorsement of Proposition 1 by offering a judgeship to Councilman Brown, the tie vote.<sup>170</sup> However, LA politicians split. Alongside the League of Women Voters president, the Los Angeles mayor appeared in anti-Prop 1 commercials.<sup>171</sup>

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<sup>166</sup> These companies included the Kimberley-Clark Corporation, Gabbert Lumber Sales, Florin Box & Lumber Company, Dorris Lumber and Moulding Company, The Black Diamond Company, Caradco Corp., Semans Moulding Company, Semans Wood Products, Pickering Lumber Corp., D.G. Shelter Products, Inc., Michigan-California Lumber Company, Olive Springs Quarry, Gill Industries, Market Wholesale Grocery Company, Lausman Lumber Company, Lorenz Lumber Company. C. R. Belforte to Jack Vandenberg, October 19, 1973, Box GO 114, Brochures, Mailers (2/3) Folder, RL.

<sup>167</sup> Robert W. Roark to Robert Hatch, October 29, 1973, Box GO 114, Terry Chambers—Correspondence [10/10/1973 thru ?/1973], Folder, RL.

<sup>168</sup> #502 October 19, 1973 Governor Ronald Reagan's Speech to United Taxpayers Organization, Hollywood High School, Los Angeles, CA, RA.

<sup>169</sup> Bill Woolson to Terry, undated, Box GO 114, Terry Chambers—Correspondence [5/1973 thru 9/1973], Folder, RL.

<sup>170</sup> Stubblebine, Morris oral history. The final vote was ten to six but some council members surely switched to yes between private and public vote counts.

<sup>171</sup> Bill Boyarsky, "Stars of Prop. 1 TV Commercials Reflect Strategy of Pros, Anti," *Los Angeles Times*, October 31, 1973, <>.

Los Angeles teachers recognized the new measure as part of Reagan's presidential platform to dismantle "the entire structure of government services which grew out of the great depression and the New Deal" influenced by "a topsy-turvy view of the world emanating from such anachronistic thinkers as Milton Friedman."<sup>172</sup> In answer to the question "Who is really behind proposition 1?" UTLA told its members "Rich people who dislike the income tax."<sup>173</sup> The union mocked Reagan as "Rollon Ronnie, the Governor of Cantaffordit" who designed Proposition 1 as a "clean-cut solution" to remove services until people were desperate enough to need what government was for: "giving out traffic tickets, putting people in jail and executing criminals."<sup>174</sup>

One of teachers' campaign advantages was their ability to distribute material at schools and to homes. The LA school board ran a Proposition 1 Information Center, and the teachers' union distributed its flyers, including an orange "trick or treat" sheet that predicted a pre-Halloween football game would be schools' last if Proposition 1 passed.<sup>175</sup> Responding to the governor's objections, the LA school board president argued that the Los Angeles Superior Court judge assigned to Prop 1 advertising cases had approved the flyers as impartial.<sup>176</sup> Californians for Lower Taxes hoped to counter "the Teachers Association diatribe being sent home through the schools" with a mailing to every principal in the state; if parents or newspapers had questions, a manager would answer them.<sup>177</sup> Suggesting several more ideas to "COUNTER THE C.T.A.

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<sup>172</sup> "Proposition 1: Reagan's Tax Hoax," *United Teacher* 1 (2), September 28, 1973, 5, Box 17, Folder 1, UTLA.

<sup>173</sup> "Prop 1 Q & A," *United Teacher* 1 (2), September 28, 1973, 5, Box 17, Folder 1, UTLA.

<sup>174</sup> Larry Sibelman, "Meet Rollon Ronnie," *United Teacher* 1 (2), September 28, 1973, 1, Box 17, Folder 1, UTLA.

<sup>175</sup> <CSUN>

<sup>176</sup> Still, the Proposition 1 campaign sought relief in the courts. Anthony Kennedy, identifying himself as counsel for Californians for Lower Taxes, wrote the president of the California Broadcasters Association with objections to two radio ads on October 25. Kennedy threatened to file a complaint with the Federal Fair Campaign Practices Commission, and wanted the president to tell radio stations. Bill Boyarsky, "Get-Out-the-Vote Drive Seen as Key to Victory in Prop. 1 Fight," *Los Angeles Times*, November 5, 1973, <>.

<sup>177</sup> Terry Chambers memo, October 24, 1973, Box GO 114, CFLT—Weekly Memos (3/3) Folder, RL.

PROPAGANDA MACHINE,” the staffer concluded “I WOULD NOT THINK OF ATTEMPTING TO TELL YOU HOW TO STIR UP THE LOCALS—JUST DO IT!—NOW.”<sup>178</sup>

Teachers fought back because Reagan targeted them. The Senate majority leader, a Democratic candidate for governor, had finally passed a collective bargaining bill after years of failed attempts.<sup>179</sup> Weeks before the Proposition 1 election, Reagan vetoed teachers rights.<sup>180</sup> Editing a form letter to union leaders, Reagan turned public sector unions against private. The governor insisted he had “never ceased being proud of the results” he obtained at the “negotiating table” as a private sector union official, and now wanted to reduce the “% of the workers earning the state takes in taxes.”<sup>181</sup> When the California Correctional Officers Association endorsed Proposition 1, they did so by arguing that collective gains were eroded by inflation and taxes.<sup>182</sup>

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<sup>178</sup> Unsigned flyer “HOW TO COUNT THE C.T.A. PROPAGAND MACHINE,” undated, Box GO 114, CFLT—Weekly Memos (3/3) Folder, RL.

<sup>179</sup> “Moscone Carries CB Bill,” *California AFT Teacher*, vol. 24, no. 6, February 1973, Folder 23, Box 4, CFT UCLA.

<sup>180</sup> #470 May 27, 1973 (Part 1) Governor Ronald Reagan’s Speech and interview with State Chamber of Commerce re: Prop 1 (Tax Initiative) and Water Association of California, RA. Reagan vetoed a revision of the Stull Act which would have permitted collective bargaining for teachers. “Reagan Vetoes Hit Teachers,” *United Teacher* 1 (4), October 12, 1973, 1, Box 17, Folder 1, UTLA.

<sup>181</sup> Ronald Reagan to “Dear,” October 12, 1973, Box GO 114, Correspondence—Draft letter to labor leaders Folder, RL.

<sup>182</sup> Editorial, “Fight Over Limiting Taxes,” *News-Gazette of Contra Costa, CA*, October 3, 1973, <>.

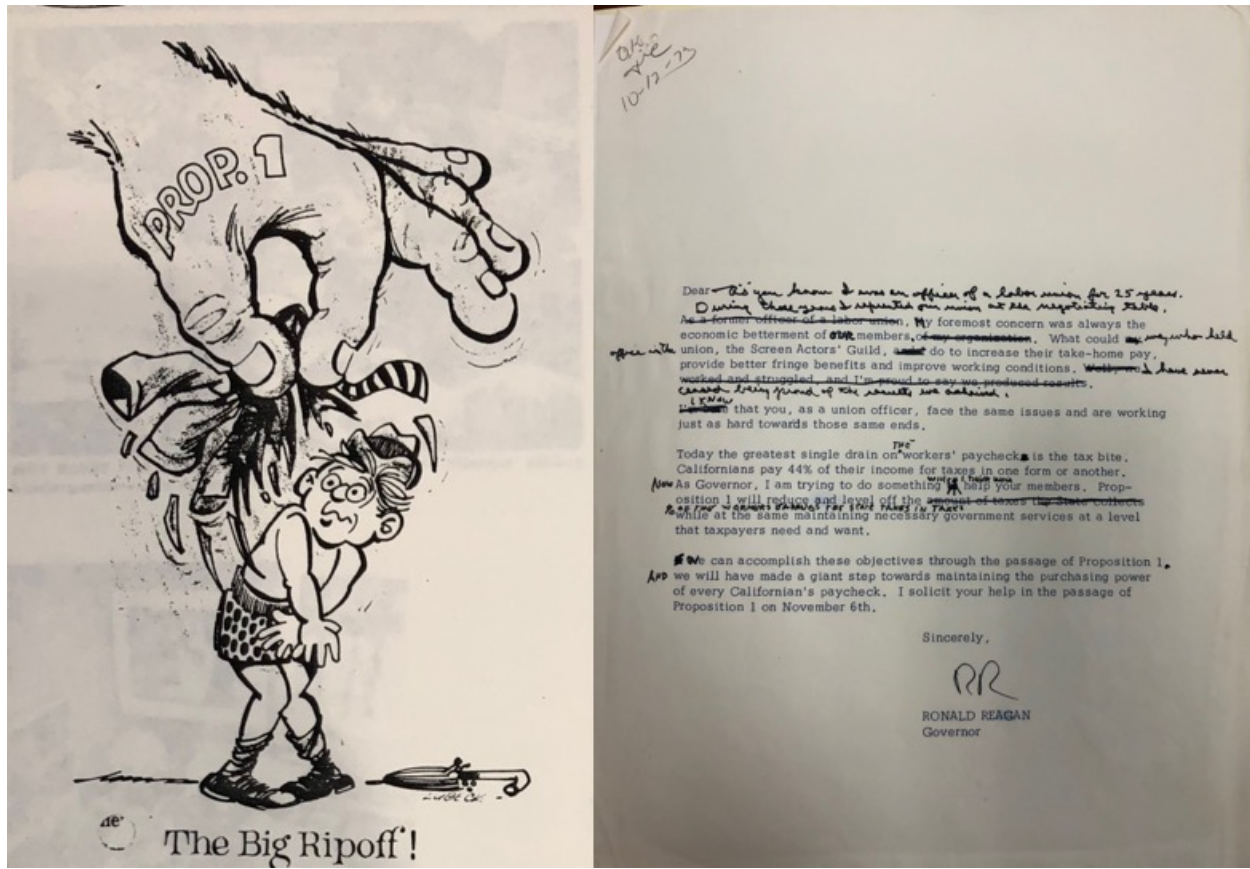


Fig. 3: Cartoon from the UTLA's *United Teacher*, 1 (7), November 5, 1973, 3, UTLA. Reagan's hand-written edits on a letter to union leaders in support of Proposition 1.

Californians for Lower Taxes encouraged non-union administrators from the Professional Educators Group to form Educators for Lower Taxes.<sup>183</sup> These educators, often school or university board members in management positions, noted that Reagan had increased state funding for education during his time in office without mentioning the governor's line item vetoes. Eventually, the Reagan-appointed State Board of Education endorsed Proposition 1.<sup>184</sup> One county taxpayers' association tried to appeal to teachers by reminding them it lobbied the school

<sup>183</sup> Sacramento City College Engineering Department Chairman Dr. Wayne Barton chaired the Professional Educators Group. Wayne D. Barton to Dear Colleague, undated, Box GO 114, Brochures, Mailers (3/3) Folder, RL. Editorial, "Educator Views Tax Initiative," *Contra Costa Times*, October 4, 1973, 24.

<sup>184</sup> "News Flash," undated, Box GO 114, Brochures, Mailers (3/3) Folder, RL.

board to “put a higher % of school money into actual class room TEACHING.”<sup>185</sup> Days before the election, Milton Friedman told television audiences that “school teachers,” who were a “special interest,” drove spending “up at a tremendous rate without any corresponding increase in performance.”<sup>186</sup>

With Reagan rather than Friedman as spokesman, the tax limitation message got muddled. The campaign ad politicians thought most effective was Whitaker & Baxter’s spot using Reagan’s own confusion against the campaign. Asked by a television reporter “Do you think the average voter really understands the language of this proposition?” Reagan responded “No, he shouldn’t try. I don’t either.”<sup>187</sup> Reagan, who at many other moments clearly explained the complications of tax limitation, must have been joking.<sup>188</sup> Nevertheless, the day before the election, Whitaker & Baxter placed full-page ads in newspapers across the state arguing “when a proposition’s chief sponsor doesn’t understand his own measure, it is time to vote ‘No.’”

While teachers’ unions could hire lawyers and lobbyists and run advertisements and canvasses with their members’ voluntary political contributions, teachers’ power was in their people, not their money. To the No on Prop 1 campaign, California Teachers Association members contributed \$2 each and UTLA members \$5.<sup>189</sup> UTLA urged union chapters to raise money and hold coffee-clatches with parent groups, and union members to call and send postcards to friends

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<sup>185</sup> San Joaquin County Taxpayers’ Association, Inc., *Bulletin*, October 31, 1973, Box GO 114, Brochures, Mailers (2/3) Folder, RL.

<sup>186</sup> PBS television program *The Advocates* episode “Proposition #1 taped October 29, 1973 and aired on KTLA on November 3, 1973, RA.

<sup>187</sup> Quoted in Whitaker & Baxter, “The 1973 Campaign Against Proposition No. 1” stamped “MEA—Public Affairs Division,” 11, Box 39, Folder 25, MFT.

<sup>188</sup> For example: “They’ve proposed a plan...a plan for 15 years in which each year we reduce that eight and three quarters cents we’re taking by one tenth of one percent until at the end of 15 years its down in the neighborhood of 7 percent at which point we fix in the constitution of California this 7 percent figure as the percentage of the people’s earning that government can take and no more without the people’s permission.” #469 Governor Reagan’s Speech to Fundraiser for Senator Behr, Napa Calif. May 23, 1973, RA.

<sup>189</sup> “Save Our Schools, Scrap Proposition 1: What You Can Do To Defeat Proposition No. 1,” *United Teacher* 1 (6), October 26, 1973, 7, Box 17, Folder 1, UTLA.



across the state.<sup>190</sup> While four-fifths of the funds to oppose Proposition 1 came from the California State Employees Association and the California Teachers Association, the anti forces were massively outspent.<sup>191</sup> Whitaker & Baxter reported Californians for Limited Taxes spent \$1.8 million on the yes campaign while Californians Against Proposition No. 1 spent \$355,000, in addition to the costs of efforts by allies. As even Uhler admitted, what counted for these tax limit opponents was “bodies walking the street,” not dollars.

Recognizing Proposition 1’s passage relied on low voter turnout, the no campaign focused on getting voters to the polls. UTLA helped to form Los Angeles Citizens Against Proposition One, which canvassed voters. The California Federation of Teachers president called on “every teacher in the state of California to enlist actively in the campaign to defeat this measure.”<sup>192</sup> Sacramento teachers protested outside the state capital in early November.<sup>193</sup> On election day, 10,000 Californians Against Proposition No. 1 volunteers participated in what Whitaker & Baxter considered “one of the most massive voter turnout and precinct walking operations in the history of California ballot issue campaigns.”<sup>194</sup> The political consultancy judged Proposition 1’s “fatal flaw” was the measure’s inability to keep bipartisan support or diverse community leaders.<sup>195</sup> Nearly half of eligible voters turned out, and fifty-four percent of them voted no.

Before and after Proposition 1 lost, Uhler blamed “public employees and liberal special interest groups.”<sup>196</sup> Mike Deaver, much to the surprise of Reagan biographer Lou Cannon, said

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<sup>190</sup> *United Teacher* 1 (2), September 28, 1973, 1, Box 17, Folder 1, UTLA.

<sup>191</sup> James Ring. *Adams, Secrets of the Tax Revolt*, 1st ed. (San Diego: Harcourt Brace Jovanovich, 1984).

<sup>192</sup> “What the Experts Have to Say,” *United Teacher* 1 (6), October 26, 1973, 8, Box 17, Folder 1, UTLA.

<sup>193</sup> California Federation of Teachers, “Sacramento Area Teachers To Demonstrate Against Proposition 1,” November 1, 1973, Box GO 119, <> Folder, RL.

<sup>194</sup> Whitaker & Baxter, “The 1973 Campaign,” 12.

<sup>195</sup> Whitaker & Baxter, “The 1973 Campaign,” 13-4.

<sup>196</sup> William Rickenbacker to Mrs. Susan Ballentine, August 23, 1976, Box 249, National Tax Limitation Committee Folder, GR.

he had been “naïve about the power of the teachers.”<sup>197</sup> UTLA celebrated the power of its political action, “Proposition 1 Dies A Glorious Death” ran the front page of the union’s newsletter full of plaudits for public employees generally, and active teachers particularly.<sup>198</sup> State after state, tax limit proponents always identified their main opponent as the teachers’ association, not the American Federation of Teachers union locals and federations. National Education Association affiliates used many of the same political campaign tactics—sometimes the same firms—as conservatives; perhaps their lobbying was recognizable.

As California teachers lobbied and pressured state legislators for collective bargaining rights, they threatened the balance of power in the state. During the 1973-1974 school year, forty-two California Federation of Teachers locals took “militant action”—picketing, packing school board meetings, striking.<sup>199</sup> The California Federation of Teachers grew to 30,000 members. However, while tax limitation strengthened over the course of the 1970s, the California Federation of Teachers weakened as a collective bargaining law eroded its membership gains. Named after Sacramento senator and former teacher union president Al Rodda, the 1975 Rodda Act provoked the greatest “jurisdictional battles in the history of blackboard unionism” as rival National Education Association and American Federation of Teachers affiliates sought to represent California teachers.<sup>200</sup>

Teachers’ collective bargaining bill restricted bargaining to wages, benefits, hours, and working conditions. School boards had accepted teachers as employees but not policymakers. Teachers who wanted “a more humane and creative environment for learning” were denied the

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<sup>197</sup> Cannon, *Governor Reagan*, 374.

<sup>198</sup> “Proposition 1 Dies A Glorious Death,” *United Teacher* 1 (9), November 19, 1973, 1, Box 17, Folder 2, UTLA.

<sup>199</sup> Glass, *A History of the California Federation of Teachers*, 30.

<sup>200</sup> Murphy, *Blackboard Unions*, 270.

authority to formally negotiate over “smaller classes, adequate supplies, better books.”<sup>201</sup> Moreover, the Rodda Act did not cover professors, forcing members working in higher education out of the California Federation of Teachers. During the 1970s, California teacher unions too frequently accepted short-term deals that came with restrictions on long-term power. Senate Bill 90, passed in 1972 with support from Governor Reagan and the California Teachers Association, imposed spending caps on school boards in exchange for state aid to education. The American Federation of Teachers’ More Effective Schools program, which halved class sizes, was off limits under the Rodda Act. The Los Angeles and San Francisco labor movements were not strong enough to help teachers as the United Auto Workers did in Detroit.

As California Teachers Association affiliates acted like unions and signed contracts, the California Federation of Teachers lost 10,000 members in two years. Drained after fighting district by district, the California Federation of Teachers asked members for a dues increase in 1978.<sup>202</sup> Internally, teachers’ federation faced opposition from a caucus of New Leftists who had gone into teaching with the intention to shift the union left. Even though teachers’ organizations united in opposition to Proposition 1, teachers could only block tax limitation for so long. The deep division between teachers prevented a real labor alternative.

By contrast, the New Right put aside many of the disagreements that had divided a conservative movement out of power during the previous decade. Uhler had always described tax limitation as “power limitation.”<sup>203</sup> At the start of the 1970s, more than 100,000 California teachers paid membership dues to unions or professional associations that organized at work, on

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<sup>201</sup> April 1974 Raoul Teilhet editorial for *California Teacher* quoted in Glass, *A History of the California Federation of Teachers*, 33.

<sup>202</sup> Murphy, *Blackboard Unions*.

<sup>203</sup> Lewis K. Uhler, "Tax Limitation--A Fiscal Policy Whose Time Has Come" in Sonenblum, ed., *The California Tax Limitation Amendment*, 23.

the phone, and at home.<sup>204</sup> By the end of the decade, seventy-two percent of public school teachers were members of unions that bargained collectively.<sup>205</sup> Teacher unions rather than teachers are named in this chapter in part because California teachers did not need a charismatic leader to know that school finance politics were part of their job. More so than social movements for welfare rights or healthcare for the poor, the teacher union movement was a power base the right had to break. If conservatives could convince voters teachers were greedy, they could convince voters any public employee was.

### **New Right: Institutions to Share Model Legislation and Remake Political Parties in the States**

Even in defeat, California's tax limit was a model for other states. Reagan had sent the tax limitation plan, which received nationwide press coverage, to every governor by the end of March 1973.<sup>206</sup> Democrats and moderate Republicans, as well as conservative Republicans, responded favorably. Though he would later share his opposition, at the time, Georgia's Jimmy Carter noted his interest, as did New York's Nelson Rockefeller. The governor of South Carolina wrote Reagan requesting more details.<sup>207</sup> Some Southern states took up tax limitation even before the Proposition 1 vote.<sup>208</sup> During the 1973 Louisiana constitutional convention, Baton Rouge representative and American Legislative Exchange Council leader "Woody" Jenkins proposed "a looser version of the California measure" with a ten percent limit.<sup>209</sup> Louisiana's governor, who had previously written to Reagan about Proposition 1, endorsed Jenkins' proposed tax limit just days after the

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<sup>204</sup> For the moment, this is back of the envelope math: the CFT was 20,000 strong and one-fifth the size of the CTA.

<sup>205</sup> Murphy, *Blackboard Unions*.

<sup>206</sup> Box GO 114, Correspondence—Incoming—Governors/Congress (1-5) Folders, RL.

<sup>207</sup> Gilbert E. McMillan to Governor Ronald Reagan, February 12, 1973, Box GO 114, Correspondence—Incoming—Governors/Congress (3/5) Folders, RL.

<sup>208</sup> The Southern economy ran counter to the rest of the country's business cycle as booming oil prices yielded excise taxes. One future question to explore is whether the south largely missed the tax revolt because high 1970s energy prices funded state government.

<sup>209</sup> Adams, *Secrets of the Tax Revolt*, 203. Group Research.

California measure lost, and the constitutional convention adopted it.<sup>210</sup> In Texas, the earliest attempt to enact a tax limit came during the state's 1974 constitutional convention.<sup>211</sup>

Uhler needed his own campaign organization to field calls from elected officials and business leaders who wanted to try tax limitation at home. Watching Prop 1 fail, Uhler decided if it was not possible to limit taxes in Reagan's California, he had better do something else.<sup>212</sup> In December 1973, Uhler had set up a suburban Sacramento office of his new Southern California law firm, Harris, Noble, Uhler & Gallop. As Reagan prepared to leave state office, Uhler and Secretary of Business and Transportation Frank Walton strategized with the governor's assistant Mike Deaver and his appointee, the cattleman Monroe Brown, in support of the "Reagan cause." At a dinner party attended by these four men and their wives in the spring of 1974, the group decided Uhler should start a tax organization, Walton should work in Washington (he would lead the Heritage Foundation), and Brown should start a conservative California think tank, the Institute for Contemporary Studies in San Francisco.<sup>213</sup> Everyone knew Deaver, a close friend of Nancy Reagan's, would be by her husband's side. By the summer, Uhler was circulating a memo to fundraise the \$21,000 a month he estimated a tax organization needed.<sup>214</sup> In the meantime, Uhler relied on the American Legislative Exchange Council (ALEC) to spread limits.

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<sup>210</sup> Gerald Moses, "Governor Endorses Tax Limit," *Baton Rouge Advocate*, November 9, 1973, < >.

<sup>211</sup> Adams, *Secrets of the Tax Revolt*. Lewis K. Uhler, "Tax Limitation: An Idea Whose Time Has Come," *Human Events*, April 27, 1974, 43.

<sup>212</sup> Interview with Lew Uhler, March 2, 2019.

<sup>213</sup> Uhler had a friend at Coors but could not remember if he had recommended Walton to the Heritage funders. This friend was likely Jack G. Wilson of the Coors Porcelain Company. Bob Hawkins, Uhler's principal assistant at the State OEO, took over the Institute for Contemporary Studies and ran it for years after President Reagan appointed Monroe Brown ambassador to New Zealand. Earlier, Reagan had appointed Brown to the Cal OSHA Appeals Board from 1970 to 1974. Lawrence Chickering, an OEO staffer close to Hawkins, was the first executive director of the Institute. Interview with Lew Uhler, March 2, 2019. Petroleum Club of Bakersfield, "Club History," <https://www.thepetroleumclub.com/history/>, Accessed March 22, 2019. A. Lawrence Chickering and Robert B. Hawkins, Jr., "Poverty Programs and Other Conservative Policy Strategies, 1970-1984," an oral history conducted in 1984 by Gabrielle Morris, Regional Oral History Office, The Bancroft Library, University of California, Berkeley, 1986.

<sup>214</sup> Pepperdine University officials circulated Uhler's memo. Lewis K. Uhler to John T. McCarty, July 17, 1974, Michigan Drawer, Michigan Fund-Raising Folder, LKU.

ALEC was founded in a moment when signature 1960s organizations—the American Conservative Union, the Foundation for Economic Education, and the Young Americans for Freedom—stopped fighting for credit and started cooperating to build conservative institutions.<sup>215</sup> Founded in 1964 after Barry Goldwater’s presidential election loss, the American Conservative Union saw itself as a conservative organization to “build political power” modeled on the liberal Americans for Democratic Action’s program of electing politicians and shaping their policies.<sup>216</sup> The ACU opposed federal aid to education and a federal Department of Education, and supported an anti-busing constitutional amendment and tax credits for private schools. A decade later, the ACU incubated organizations that liberals today struggle to copy, chief among them the Conservative Political Action Conference and the American Legislative Exchange Council. ACU established a Legislative Exchange Committee to specialize in state-level policy after years spent cultivating conservative legislators. Illinois state representative Don Totten took the group out on its own. The Illinois legislative staffer who had originally named the group the Conservative Caucus of State Legislators, liked to say that “a conservative legislator in some of our states is just about as lonely as a Maytag repairman.”<sup>217</sup>

ACU, and thus ALEC, leaders were in Uhler’s personal and political network. As Uhler joined the Reagan administration, his Yale College classmate M. Stanton (“Stan”) Evans had been elected chairman of the American Conservative Union.<sup>218</sup> The athletic Uhler had followed the literary Evans through Yale in William F. Buckley’s wake: Berkeley College, *Comment* board, Political Union. Together, Uhler and Evans built an Independent Library of conservative books

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<sup>215</sup> Mark Rhoads at <>, Folder 4 ALEC audiotape, Box 113, ACU.

<sup>216</sup> The ACU also worked on SALT II, Panama Canal, and OSHA. Surveying its own members by mail in 1973, the ACU found Americans more concerned about taxes than Watergate. Susanna McBee, “Taxes Top Watergate in ACU Poll,” *The Washington Post*, August 31, 1973, A5, Folder 35, Box 21; Confidential Preliminary Report on the American Conservative Union, Folder 1, Box 1, ACU.

<sup>217</sup> Hertel-Fernandez. Mark Rhoads quoted in Folder 1, Box 71, ACU.

<sup>218</sup> Evans had been an ACU board member since June 26, 1966.

in an Old Campus basement and even revived the Calliopean Society of John C. Calhoun's time.<sup>219</sup> During their senior year in 1955, Buckley, who founded the *National Review* that same year, praised Evans's work on the college paper the *Independent*, and subscribed.<sup>220</sup> During the 1950s, Evans edited for signature conservative publications *The Freeman* and *Human Events*, and for publisher the Intercollegiate Society of Individualists. In 1960, Evans took a position as editor of the metropolitan paper the *Indianapolis News*, where he advocated tax limitation throughout the 1970s.

Evans's and Uhler's support of the John Birch Society may explain why national conservative media did not cheerlead tax limitation. Buckley abandoned the ACU for accommodating members of the John Birch Society, and attempted to purge the right of extremists. Evans in turn quit the board of Buckley's Young Americans for Freedom over the presence of a particularly objectionable leader, and took over the American Conservative Union in 1970.<sup>221</sup> Later, Evans allowed the Bircher John Rousselot, who Uhler had elected U.S. Representative, to join the ACU board during the congressman's second, non-consecutive term. Still, Evans wrote frequently for Buckley's *National Review*, and served as master of ceremonies at the popular

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<sup>219</sup> Driving east from California, where Evans had visited Uhler one school break, their car engine failed outside Evans's family home in Texas. Stranded, Uhler and Evans packed their loose clothes in paper suitcases and boarded a bus, serenading their fellow passengers with Evans' ukulele and Uhler's baritone, in order to make it back to New Haven in time for classes. Interview with Lew Uhler, week of March 4, 2019.

<sup>220</sup> Wm. F. Buckley, Jr. to Stan Evans, January 25, 1955, Evans, M. Stanton (1955) Folder, Box 2, Part 1, WFB.

<sup>221</sup> Evans objected to YAF New England Regional Chairman Dan Carmen. M. Stanton Evans to Robert Bauman, November 11, 1963, Evans, M. Stanton Folder, Box 25, Part 1, WFB. After initially convincing his fellow ACU board members to exclude Birchers from ACU leadership as part of a larger project to force the extremists out of the mainstream conservative movement, Buckley resigned at the May 6, 1965 meeting after the board reversed itself. Minutes of the Meeting of the Board of Directors of the American Conservative Union, December 18-19, 1964, The Statler-Hilton Hotel, Washington, D.C., Folder 12; Minutes of the Meeting of the Board of Directors of the ACU, May 6, 1965, Overseas Press Club, NYC, Folder 16, Box 20, ACU. By contrast, Evans identified with the "right-wing" thinking of many California Young Republicans who were members of the John Birch Society, which he did not attack but sometimes disagreed with. M. Stanton Evans to Vernon C. McRee, July 20, 1965, M. Stanton Folder, Box 35, Part 1, WFB.

conservative magazine's 25<sup>th</sup> anniversary celebration.<sup>222</sup> Evans's and Buckley's correspondence reveals a mutually admiring but somewhat uneasy relationship, which Christopher Buckley nonetheless remembers as "warm."<sup>223</sup>

Many state legislators learned of tax limitation through the famously secretive and conservative lobby ALEC. At ALEC's first meeting in Chicago in July 1973, guest speaker Milton Friedman told the assembled politicians and activists about Reagan's Proposition 1.<sup>224</sup> ALEC had 1,800 legislators' names in its files by the end of 1973, but struggled to schedule an inaugural conference, pushing it back to the summer of 1974. Thirty legislators from twenty states gathered in Chicago to hear from politicians like balanced budget supporter and U.S. Senator from Kansas Carl Curtis, American Conservative Union leaders Phyllis Schlafly and Stan Evans, and Uhler, who described tax limitation efforts across the country with another University of Chicago economist.<sup>225</sup> ALEC's first three chairmen campaigned for tax limitation in their states: Don Totten in Illinois, Buz Lukens in Ohio, and Woody Jenkins in Louisiana.<sup>226</sup> Donna J. Carlson, an Arizona representative from Mesa elected in 1974, chaired ALEC's first two suggested state

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<sup>222</sup> M. Stanton Evans to William F. Buckley, Jr., April 15, 1958, Evans, M. Stanton (1958) Folder, Box 5; Wm. F. Buckley, Jr. to Stan Evans, September 18, 1963, Evans, M. Stanton Folder; M. Stanton Evans, *The American Revolution: A Study in Conservatism*, 1962, Box 25, Part 1, WFB. Wm. F. Buckley, Jr. to M. Stanton Evans, September 23, 1980, M. Stanton Evans Folder, Box 23, Part III, WFB

<sup>223</sup> Christopher Buckley email to Kelly Goodman, August 2018.

<sup>224</sup> There is some dispute about the month in which this meeting occurred, and who was invited. ALEC, "The 1983 Tenth Anniversary Annual Meeting of the American Legislative Exchange Council," 1983, RH WL D6022, WCCPM.

<sup>225</sup> August 16-18, 1974. Jack Gould. Minutes of ACU Board Meeting, December 8, 1973, Washington, D. C., Folder 7; Minutes of ACU Board Meeting, March 3, 1974, Arlington, Virginia, Folder 8; Minutes of ACU Board Meeting, June 2, 1974, Arlington, Va., Folder 9, Box 21; ALEC Flyer "Join these prominent Conservatives in Chicago" and American Legislative Exchange Council Conference Agenda, Chicago, August 16-18 and ALEC News, "Conservative Legislators' Group Holds Inaugural Meeting" and ALEC, First Reading 1/1 (1975), 3, Folder 2, Box 71, ACU.

<sup>226</sup> ALEC, 1977 Annual Report, Folder 2, Box 71, ACU.



legislation committees.<sup>227</sup> ALEC distributed model tax limit legislation suggesting a maximum state budget growth rate between six and fourteen percent of state gross domestic product.<sup>228</sup>

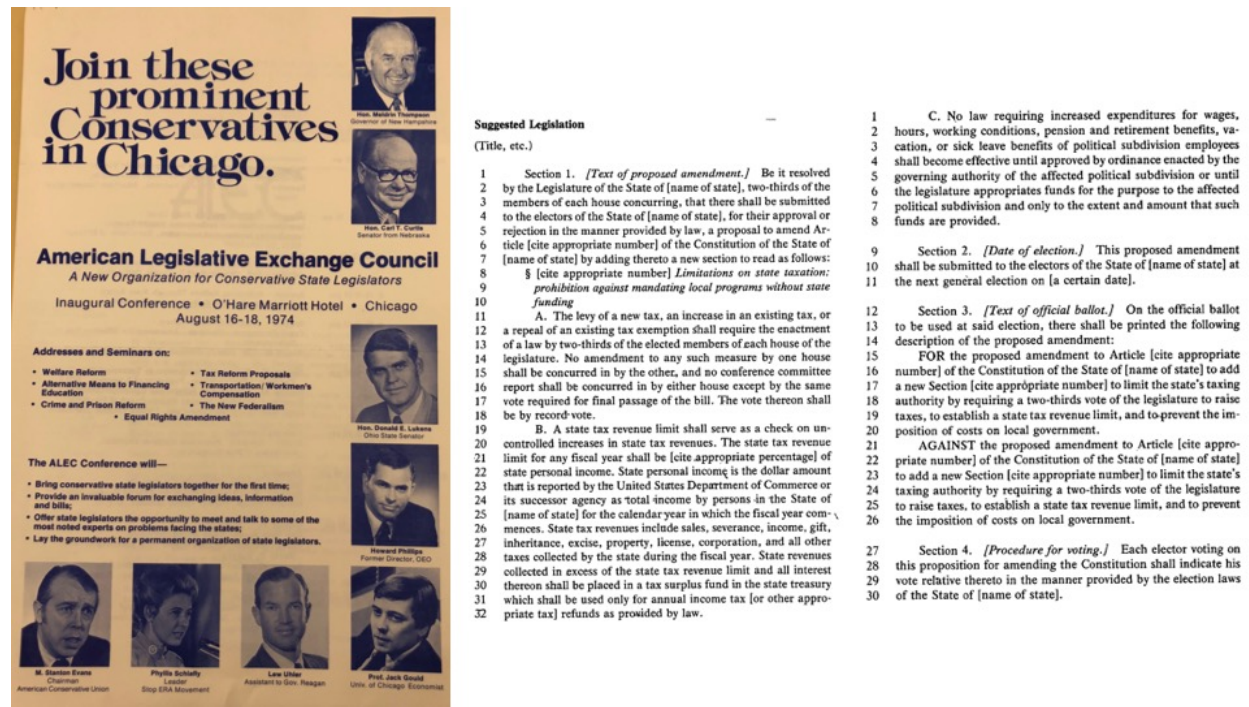


Fig. 4: Flyer from the ACU collection at Brigham Young University. Tax limit from ALEC’s 1980 book of suggested state legislation.

Governor Reagan returned to the campaign trail months after the Proposition 1 loss to promote constitutional tax limitation in Arizona. While on vacation at his in-laws’ house outside Scottsdale during the spring of 1974, Reagan spoke before fifteen hundred local Republicans at the Trunk N’Tusk Club’s annual fundraiser. Reagan met with Sandra O’Connor at the Phoenix Country Club to prepare for his speech. O’Connor, then the Speaker of the Arizona Senate and a member of ALEC, struggled as Reagan had the year before to convince legislators to authorize a tax limitation ballot measure. The House appropriations committee chair, famous for controlling

<sup>227</sup> Donna J. Carlson resume attached to ACU National Board of Directors’ Meeting Minutes, September 16, 1979, Box 21, Folder 29, ACU.

<sup>228</sup> Engelmayer, *The Taxpayer's Guide to Effective Tax Revolt*.

the Arizona budget by keeping it in his car trunk, held up the amendment language for months.<sup>229</sup> U.S. Senator Barry Goldwater of Arizona telegraphed the Arizona speaker of the House to offer his support for O'Connor's measure which in his view "(overcame) all the objections" to California's original.

Much as Reagan's administration had done, O'Connor raised the limit to increase its political chances. Arizona's proposed 7.9 percent limit, chosen to lock in the 1975 state budget's share of income, increased to 8.4 percent in order to push the constitutional amendment through the legislature and onto the fall 1974 ballot. In addition, O'Connor dropped the California language to ratchet down spending over time. When she sent Reagan Arizona's Proposition 106 that summer, O'Connor thanked the California Governor for his "kindness and support." While O'Connor told a Reagan aide that the Governor had a "great idea in developing the proposal in California," it was Lew Uhler who O'Connor invited to Arizona to design tax limit legislation, and who her husband asked to address his local Rotary Club. Although the tax limit lost, O'Connor won, first her election to a county judgeship, then appointment to the state appeals court, then the U.S. Supreme Court when President Reagan nominated her in 1981.

To shrink state government, ALEC grew. In 1975, ALEC opened a Washington, D.C. office, issued a newsletter, *First Reading*, and established its own board including then-American Conservative Union chairman Stan Evans, U.S. Representative and Young Americans for Freedom leader Bob Bauman of Maryland, a Mr. Winter, Heritage Foundation founders Paul Weyrich and Ed Feulner, and Reagan's Tax Reduction Task Force chair Frank Walton, also an early president

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<sup>229</sup> While O'Connor insisted her limit left room for the state's recent assumption of public school finance, the House appropriations committee chair argued there was no need for a limit, since state taxes had only increased to shift school districts away from local property taxes.

of Heritage.<sup>230</sup> In its early issues, ALEC copied Reagan's California Task Forces and earned the governor's endorsement of its "long overdue" and "fine work."<sup>231</sup> When North Carolina's newly Republican U. S. senator Jesse A. Helms fundraised for ALEC, he celebrated the group's "considerable effect" coordinating "welfare reform and tax limitation legislation in many state legislatures."<sup>232</sup> Indeed, ALEC hoped to strengthen "grassroots government" with "ideas for reducing and controlling the bureaucracy, promoting fiscal responsibility, lowering the tax burden and safeguarding precious individual liberties."<sup>233</sup>

## Conclusion

After a year talking with Proposition 1 backers across the country, Uhler founded the National Tax Limitation Committee in 1975 with *National Review* writers William Rickenbacker as chair and Jameson Campaigne, Jr. as treasurer.<sup>234</sup> Rickenbacker thought the Committee's work was to "coordinate the various efforts that are cropping up in many, many states," serving as a clearinghouse for tax limit lessons.<sup>235</sup> As he told conservative radio host Dean Manion, the committee's purpose was to stop tax protest "100 per cent manned by amateurs, by political virgins."<sup>236</sup> Tax revolts succeeded due to political professionals' practice in the states rather than to populist uprising.

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<sup>230</sup> Minutes of Board of Directors Meeting, ACU, October 3, 1976, Hyatt Regency Hotel, Washington, D.C., Folder 18, Box 21, ACU.

<sup>231</sup> Quoted in ALEC, 1977 Annual Report, Folder 2, Box 71, ACU.

<sup>232</sup> Jim ? to Charles Black, October 23, 1975 re Jesse A. Helms draft ALEC fundraising letter, Folder 1, Box 71, ACU.

<sup>233</sup> ALEC, undated brochure "Strengthening Grassroots Government," Folder 2, Box 71, ACU.

<sup>234</sup> Kuttner, *Revolt of the Haves*.

<sup>235</sup> Rickenbacker, "The National Tax Limitation Committee."

<sup>236</sup> Manion Hour transcript included with memo from Emmett Mellenthin to Lewis Uhler, September 17, 1976, 1, Michigan Drawer, Michigan (3) Folder, LKU.

Tax limiters debated the role of people in tax politics but relied on elite conservatives for expertise. The National Taxpayers Union, formed in 1969 to “reduce taxes in any way possible,” was “granddaddy” to 1970s tax groups.<sup>237</sup> Local organizations sometimes affiliated with both the National Taxpayers Union and Uhler’s National Tax Limitation Committee. Claiming Woody Jenkins, who advocated loose tax limitation language for the Louisiana constitution, as one of its leaders, the National Taxpayers Union insisted in a piece of direct mail that his organization “would like to achieve the same results in your area.”<sup>238</sup> When the National Taxpayers Union circulated an organizing manual, the tax reform it recommended was tax limitation, using Louisiana as example. Thus, the National Taxpayers Union, which prided itself on being a grassroots tax group, still took policy direction from Uhler, whose committee it dismissed as “mainly a media event.”<sup>239</sup>

The journalist Bob Kuttner observed that “although the National Tax Limitation Committee itself (was) not a grass-roots organization, many of the state and local groups assisted by the NTLC (were).”<sup>240</sup> If they were, they had not followed the committee’s advice. The National Tax Limitation Committee encouraged local groups to build a professionally managed and scripted “citizens’ movement,” and offered to recommend state leaders with the right connections.<sup>241</sup> The group needed a “neutral name”—“Citizens United, Taxpayers for Proposal One, Concerned Taxpayers”—to secure support from the broadest base possible. To state campaigns, the National Tax Limitation Committee provided research and technical assistance, publicity, membership

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<sup>237</sup> SEIU Public Workers Conference, “Tax Politics : Excerpts and Highlights from Part 1 of the SEIU Public Workers Conference, Washington, D.C., November 13-16, 1978,” 22

<sup>238</sup> James Davidson to “Dunce,” March 3, 1974, RH WL Eph 869.3, Wilcox Collection of Contemporary Political Movements, Kenneth Spencer Research Library, The University of Kansas Libraries.

<sup>239</sup> *Ibid.*, 281

<sup>240</sup> Kuttner, *Revolt of the Haves*, 281.

<sup>241</sup> Uhler and Rickenbacker, *A Taxpayer’s Guide*, ◇.

recruitment, start-up funds, and campaigners.<sup>242</sup> Uhler established a Tax Limitation Research Foundation to take money and fund economist Craig Stubblebine's time advising state campaigns.<sup>243</sup>

In a how-to guide, the National Tax Limitation Committee shared the first and only rule of politics: "*Politics requires money.*" At the start, the National Tax Limitation Committee solicited charter members, both individuals and businesses, with hand-signed letters but a year later, had professionally-designed stationary and literature that played on the imagery of the American bicentennial, calling fed-up taxpayers to join the National Tax Limitation Committee's Boston tea party.<sup>244</sup> In the early years, contributors referred their friends, who received an article from *Human Events*, "A Call to Arms" fundraising memo, and a list of sponsors.<sup>245</sup> Later, the National Tax Limitation Committee hired direct mail impresario Richard Viguerie to fundraise from custom lists with a steady stream of membership appeals, congressional endorsements, and "push poll" surveys full of leading questions. More often than donations, citizens sent requests for information. When correspondents were from Michigan, the National Tax Limitation Committee directed them to Dow Chemical's Bill Shaker, where the story picks up in Ch. 7 "Model Legislation."<sup>246</sup>

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<sup>242</sup> Kuttner, *Revolt of the Haves*.

<sup>243</sup> Tax-Limitation News, Winter 1977-1978, Folder 5, Box 101, ACU.

<sup>244</sup> Rickenbacker to Ballentine.

<sup>245</sup> John S. Fattorini, Jr. to Mr. and Mrs Floyd Vernier, February 3, 1976, Michigan Drawer, Interested People Folder, LKU.

<sup>246</sup> John S. Fattorini, Jr. to John Monoma, November 21, 1975, Michigan Drawer, Interested People Folder, LKU.

## Ch. 7 Model Legislation: How Business Institutions Spread Spending Limitation Across the Country

Ahead of its 1973 annual meeting featuring a forum “Taxation: A business agenda for action,” the U.S. Chamber installed a federal spending clock outside its Washington, D.C. headquarters near the White House.<sup>1</sup> Ticking down an average American family’s income of \$10,000 in federal spending every 1.26 seconds, the clock also counted up to \$250 billion that first fiscal year. The clock started after a technical glitch *Nation’s Business* spun to note “even the most sophisticated device has trouble keeping up with federal spending.”<sup>2</sup> The *Associated Press* counted 55 minutes missed, and \$25 million.<sup>3</sup> “Should the clock run at a faster or slower pace” the U.S. Chamber asked.<sup>4</sup> A month later, the business association published an interview with President Richard Nixon’s advisor John Ehrlichman, who forecast that restraining spending would “be one of the central issues of the 1974 campaign.”

Held over into the next presidential administrations after Watergate became the central campaign issue instead, Secretary of the Treasury and former municipal bond trader William Simon borrowed the federal spending clock. Seeing clock hands spin in the U. S. Department of the Treasury’s lobby, tourists were “amazed” at “how fast and how much money the American government spends each day.”<sup>5</sup> The U. S. Chamber of Commerce and the National Association of Manufacturers (NAM) began a parallel effort to California conservatives’ state tax limitation campaign, described in Ch. 5 “Don’t Spend It Faster Than I Can Make It,” to shrink the federal

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<sup>1</sup> 61<sup>st</sup> Annual Meeting 4-29—5-1-1973 ad, *Nation’s Business*, April 1973, 76. “The Federal Spending Clock,” Bound Volume Publications 1973 A-H, Box 93, Subseries F, Series IV, U.S. Chamber records.

<sup>2</sup> Jack Wooldridge, “Memo From the Editor,” *Nation’s Business*, July 1973, 6.

<sup>3</sup> AP, “Spending Runs Ahead of Clock,” *The Philadelphia Inquirer*, April 28, 1973, A1.

<sup>4</sup> “The Federal Spending Clock,” 1973.

<sup>5</sup> William Simon appearance in Richard Leshner Public Service Announcements 1977, Video 1, Box 185, Chamber of Commerce of the United States photographs and audiovisual materials (Accession 1993.230), Audiovisual Collections and Digital Initiatives Department, Hagley Museum and Library, Wilmington, DE 19807.

government.<sup>6</sup> Business associations needed effective grassroots movements in the states to constrain the U. S. Congress's spending. As Treasury secretary, Simon did his part to slow local, state, and federal spending, denying a federal loan to New York City in 1975, and joining the board of the National Tax Limitation Committee, founded by California political operative Lew Uhler after the 1973 defeat of tax limitation ballot measure Proposition 1.<sup>7</sup>

Business expenditure ceiling and conservative tax limitation campaigns quickly intersected as fiscal politics played out in the states before limits on the overall size of government could return to the national stage. This chapter argues businesses organized connected local, state, and national efforts to cut government, fine-tuning an organizational repertoire that succeeded when economic crisis created political opportunity at the end of the 1970s.<sup>8</sup> That business and conservative fiscal programs developed along initially separate but similar lines suggests the importance of shared economic advisors and business donors, in addition to the ubiquitous appeal of controlling government growth by limiting taxing and spending.

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<sup>6</sup> This focus on business influence on local, state, and federal taxation is different from Zelizer and Brownlee's consideration of federal legislators, their staffs, and their legislation. Julian E. Zelizer, *Taxing America: Wilbur D. Mills, Congress, and the State, 1945-1975* (New York: Cambridge University Press, 1998). W. Elliot Brownlee, *Federal Taxation in America: A Short History* (New York: Cambridge University Press, 2004).

<sup>7</sup> Simon chaired the Executive Advisory Council which strategized Reagan's 1980 campaign, funneled business money to free-market supporters as head of the Olin Foundation, and wrote *A Time for Truth*, a manifesto beloved by business which called for "a massive and unprecedented mobilization of the moral, intellectual and financial resources" of business to "aid the intellectuals and writers" defending capitalism. Michael Kirst, "A Tale of Two Networks: The School Finance Reform versus the Spending and Tax Limitation Lobby," *Taxing & Spending*, no. (1980): 43-49. Kim Phillips-Fein, *Invisible Hands: The Making of the Conservative Movement from the New Deal to Reagan* (New York: W. W. Norton & Company, 2009): 245-246.

<sup>8</sup> As far as I am aware, there is no secondary literature on the interaction between local, state, and national chambers of commerce. See introduction to Ch. 5 "Don't Spend It Faster Than I Can Make It" for the fiscal sociology literature on tax revolt. Sociologist Clarence Lo documented the role of business in California's Proposition 13 property tax cut, arguing that business activists redirected a social movement of small property owners. Thus, Prop 13 cut business property taxes more than homeowner property taxes. In a chapter on tax limitation, Lo misleadingly located Prop 13 as the inspiration for tax limits in Michigan and Massachusetts and followed the National Tax Limitation Committee's federal, not state, campaign. While Lo argues the new right did not create Prop 13, I find the new right created tax limitation. Clarence Lo, *Small Property Versus Big Government: Social Origins of the Property Tax Revolt* (Berkeley and Los Angeles: University of California Press, 1990): 189, 193.

School finance reforms and teacher strikes threatened to increase education costs in the early 1970s.<sup>9</sup> The U. S. Chamber believed the absence of fiscal and management accountability “spurred state legislation imposing spending or tax lids as a means to control school expenditures.”<sup>10</sup> NAM monitored the school finance lawsuits discussed in Ch. 3 “Detroit Education Cases” and believed that school finance was a “high-priority concern and interest on the part of the business community.”<sup>11</sup> When the President’s Commission on School Finance investigated a federal tax on the value added to goods at each stage of production, the U.S. Chamber produced educational materials and NAM’s Education Committee angled for a commission seat.<sup>12</sup> Both business associations endorsed public aid to nonpublic schools and consulted with leading scholars of tuition vouchers, a controversial experiment in education

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<sup>9</sup> 54 percent of local employees worked in the education industry as of 1976. The U. S. Chamber suggested cutting education costs through volunteers, privatization, district-wide procurement, a commissary, a professional labor negotiator, and above all, accountability. “Improving Local Government Fiscal Management: Action Guidelines for Business Executives,” 4, 1979, Pamphlets I-L Folder, Box 66, Series IV, U. S. Chamber.

<sup>10</sup> “Improving Local Government Fiscal Management: Action Guidelines for Business Executives,” 28, 1979, Pamphlets I-L Folder, Box 66, Series IV, U. S. Chamber.

<sup>11</sup> Property tax reform would affect business taxes and fiscal federalism. Quote from NAM School Finance Task Force, “Politics, Taxes and Schools: Background Discussion Paper,” August 1972, 2, Folder Education Credit 1971-1973, Box 691, NAM. Lillian W. Kay, “Property Taxation—Issues and Pressures,” NAM Reports, October 8, 1973, Government finance articles from NAM Reports, 1969-1973, Box 693, NAM 2020.

<sup>12</sup> NAM Education Finance Study-Group March 6, 1970 meeting, 3, Education Committee, 1960s-1970s Box 169, Series IX, NAM.



economics.<sup>13</sup> Teachers strikes forestalled accountability measures like performance contracting, as explained in Ch. 4 “Tax the Rich in Michigan.”<sup>14</sup>

Business associations functioned as political operations with an apparatus for electoral and policy work, in addition to lobbying. The U. S. Chamber’s “Action Course in Practical Politics,” founded in 1958, taught managers to bring the business viewpoint into political life by joining, donating to, or volunteering for a political party.<sup>15</sup> Companies used leaves of absence, rehire provisions, and recognition to support employees taking on the union precinct walkers who built the Democratic party. Amway co-founder Jay Van Andel founded the U. S. Chamber of Commerce’s political group Citizen’s Choice out of lessons learned from his direct selling company’s unsuccessful campaign for tax limitation in Michigan in 1974 and 1976.<sup>16</sup> Halfway

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<sup>13</sup> Board of Directors Meeting Minutes from June 15, 1973 and November 8-9, 1973, Board of Directors Meetings/Minutes, June 24, 1977-May 2, 1983 Folder, Box 3, NAM. Roland M. Bixler, Task Force on Education Finance, “Suggested Remarks before the Education Committee,” October 26, 1972, Folder Education Credit 1971-1973, Box 691, NAM. NAM promoted the work of Hoover Institution fellow Roger Freeman, who advised Governor Ronald Reagan on education. Memo for the NAM Educational Advisory Committee from George H. Fern, August 29, 1958, ED General Jan.-June 1958 Folder, Box 61, Series I, NAM. Harvard Center for the Study of Public Policy executive director Christopher Jencks wrote a voucher plan that President Nixon’s Office of Economic Opportunity experimented with in Alum Rock, CA and elsewhere. Harold Howe II to James A. Kelly, October 18, 1973, FA 538, Serie 1, Box 1, Folder Harold Howe II Chron Corr 1973, RAC. James Mecklenburger, “Vouchers at Alum Rock.” *The Phi Delta Kappan* 54, no. 1 (1972): 23-25. In drawing up an action plan for the 1970s on education, the U. S. Chamber cited Jencks’ *Saturday Evening Post* article “The Public Schools Are Failing” in addition to Harvard Graduate School of Education dean Theodore Sizer’s “The Case for a Free Market, Education in the Ghetto.” Bibliography, “Action for the 70’s on: Public Education,” Pamphlets A, Box 65, Subseries C, Series IV, U.S. Chamber records.

<sup>14</sup> Performance contracting, a Department of Defense technology to pay private contractor based on results, arrived in education in the late 1960s. Boards had begun contracting with “industrial producers of teaching aids, usually of technological or computerized variety” based on performance measured by student success. Some students were given incentive pay too. Performance contractors included Dorsett Educational Systems, Westinghouse, Thioko, RCA, and GE. The AFT published a book of scathing cartoons critiquing the business practice. An early study of a dozen such contracts found that military contractors and electronics manufacturers spent only 55 percent of their budgets on teachers’ salaries while school districts spent 70 to 75 percent. Amy Offner, *Sorting out the Mixed Economy: The Rise and Fall of Welfare and Developmental States in the Americas* (Princeton, NJ: Princeton University Press, 2019).

<sup>15</sup> The Chamber program began in 1958 and Ford sent over 2,000 employees in 1961 alone. Action Course in Practical Politics, 1962, Volume 1961, Box 88, Section IV, R-Z, Chamber papers.

<sup>16</sup> Starting the story of, for example, Citizen’s Choice in the mid-1970s shows how the business activist movement developed in the context of state campaigns for tax limitation and private education in addition to national issues like trade and regulation. By contrast, Phillips-Fein begins the story of Citizens’ Choice in the early 1980s. Conservative funders who feature prominently in *Invisible Hands* including Jay Van Andel, Justin Dart, and Joe Coors donated to tax limitation campaigns. Phillips-Fein, *Invisible Hands*: 245-246. Business activist movement coined in Benjamin C. Waterhouse, *Lobbying America: The Politics of Business from Nixon to NAFTA* (Princeton, NJ: Princeton University Press, 2014).

between presidential candidate Barry Goldwater's failure and Ronald Reagan's success, career managers and company executives affiliated with libertarian parties and conservative caucuses campaigned alongside grassroots activists.<sup>17</sup> On the eve of Reagan's election in 1980, the National Chamber Alliance for Politics funded candidates for U. S. Congress that shared the U.S. Chamber's agenda to balance the budget, repeal pro-union laws, deregulate industry, cut taxes, and reduce the size of government.<sup>18</sup>

The professional services—temp workers, polling, advertising, marketing, communications and public relations—tax limiters used cost money, which California political operative Lew Uhler fundraised in crucial early days from companies like Michigan's Dow Chemical and Colorado's Coors Brewing.<sup>19</sup> Long-standing tax fighters like big, conservative businesses and their taxpayers associations were early constitutional amendment backers, as were multi-level marketers like Amway and newer federations of small or independent businesses. While state conservative parties affiliated with the American Conservative Union, chaired by Uhler's Yale College friend M. Stanton Evans, recruited volunteers, campaigns also paid temporary workers from Kelly Services and Manpower, Inc. to collect enough signatures to qualify tax limitation for the ballot.

The first section describes business associations' national plans for expenditure limits in the early 1970s, piecing together U. S. Chamber of Commerce and National Association of Manufacturers strategy, policy, and lobbying. The second section follows businessmen's

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<sup>17</sup> Although Phyllis Schlafly's Eagle Forum does appear in a footnote to the next chapter, and female staffers ran the American Conservative Union's tax limitation program, conservative women's activism is not central to this story. See Ch. 3 "The Detroit Education Cases" for the politics of public aid to private schools and anti-busing. Lisa McGirr and Rick Perlstein, for example, tell the turn from Goldwater to Reagan from a different perspective.

<sup>18</sup> "The National Chamber Alliance for Politics," April 1979, Folder Pamphlets N, Box 66, Subseries C, Series IV, U. S. Chamber records.

<sup>19</sup> Joe Coors funded the Heritage Foundation, the conservative Washington D. C. think tank, and became a target for his family company's anti-unionism in its Colorado breweries.

application of the federal legislative idea through their local and state chambers of commerce, as they adapted California's Proposition 1 tax limitation language for Michigan in 1974 and 1976. Importantly, economist Milton Friedman, stumped for spending limitation in Michigan and in Tennessee, where the first victory came in March 1978 after state legislators opened the spending rather than taxing articles of the constitution to head off an income tax.<sup>20</sup> The Tennessee victory opens the next chapter. This chapter is about defeat.

## **Business Plan**

When the federal budget expanded during the Nixon presidential administration, businesses paid for trying to slow government growth. After the U.S. Congress tied a 1968 expenditure ceiling to a ten percent income tax surcharge, the Tax Reform Act of 1969 capped income tax rates at fifty percent while shifting the burden from individuals to corporations by eliminating deductions; as Nixon's 1971 wage and price controls contributed to record profits, the 1972 Humphrey-Hawkins full employment bill threatened cheap labor.<sup>21</sup> Amidst these threats, the National Federation of Independent Business and the Business Roundtable emerged to represent small and large corporations, respectively, and the proposed merger between the National Association of Manufacturers (NAM) and the U.S. Chamber of Commerce collapsed in 1976.

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<sup>20</sup> As mentioned in Ch. 5 "Don't Spend It Faster Than I Can Make It," the Nobel-prize winning economist Milton Friedman was tax limitation's publicist for more than a decade. <Angus Burgin> <Jennifer Burns> <Building the Chicago School>

<sup>21</sup> Consideration of spending limits began in Congress and on Johnson's President's Commission on Budget Concepts in 1967. Arch Booth, "Tax 'Reform' Is A Political Shell Game," *The Voice of Business*, May 8, 1972, Folder "The Voice of Business" Booth, Arch 1972, Box 68, Subseries D, Series IV, Chamber of Commerce of the United States records (Accession 1960), Manuscripts and Archives, Hagley Museum and Library, Wilmington, DE 19807 hereafter U.S. Chamber records.

However, business associations cooperated on pan-industry issues including regulation, labor unions, trade liberalization, and taxes.<sup>22</sup>

Facing scrutiny from consumer activists, the U.S. Chamber of Commerce's executive director retorted "High Tax Bills Are Caused By Government Spending, Not 'Loopholes'."<sup>23</sup> The U.S. Chamber's economic logic for why federal deficits grew previewed the public choice theory cited by California tax limiters: "First, we all tend to favor cuts anywhere but in those programs that benefit us. Second, Congress is not organized to stick to a budget it is organized to spend."<sup>24</sup> NAM's Education Advisory Council included a University of California, Los Angeles economist whose foundation funded early tax limitation studies.<sup>25</sup> To reduce government spending in the early 1970s, NAM and the U.S. Chamber coordinated to introduce federal legislation and enlist local members of chambers of commerce and manufacturing, trade, and employers' associations to lobby senators and representatives.

From 1970 to 1972, the U.S. Chamber's Special Committee on Long-Range Tax Policy and Balanced Growth made "proposals that would stimulate balanced growth in the 1970's."<sup>26</sup> Members on the committee included the chairman of Bethlehem Steel, the chief economists of IBM and the NAM spin-off the National Industrial Conference Board, the tax law professor C. Lowell Harriss and the economist Norman B. Ture, the CEO of the Union Oil Company of California and the American Petroleum Institute's tax director, Detroit bankers and a

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<sup>22</sup> As public sector strikes drove up costs in cities and states, antitax ideologues in the U. S. Chamber edged out capital-intensive businesses that supported depreciation and other tax incentives. In the late 1960s, the U.S. Chamber began holding an Annual National Chamber Tax Forum Conference. Waterhouse, *Lobbying America*, 2014.

<sup>23</sup> Arch Booth, "High Tax Bills Are Caused By Government Spending, Not 'Loopholes'," *The Voice of Business*, May 1, 1972, Folder "The Voice of Business" Booth, Arch 1972, Box 68, Subseries D, Series IV, U.S. Chamber records.

<sup>24</sup> Arch Booth, "How Can We Control Government Spending?," *The Voice of Business*, April 24, 1972, Folder "The Voice of Business" Booth, Arch 1972, Box 68, Subseries D, Series IV, U.S. Chamber records.

<sup>25</sup> Armen Alchian. Box 61, Series I, NAM.

<sup>26</sup> Membership of National Chamber Committees and Panels, July 1971, Box 22, Series 1, U.S. Chamber records.

manufacturer, a variety of New Yorkers, and the Chicago corporate real estate lawyer who long chaired the Chamber's Tax Committee.<sup>27</sup>

More than an exceptional, temporary committee, the Special Committee on Long-Range Tax Policy and Balanced Growth reflected the U.S. Chamber's long-standing interests and ideas. Harriss was an advisor to the Tax Foundation, itself founded in 1937 as a hinge between state and federal constitutional taxing and spending limits, and sat on Governor Ronald Reagan's Tax Reduction Task Force in 1972.<sup>28</sup> The Detroit bank was none other than First National, the bank General Motors had taken an ownership stake in during the 1933 Michigan bank holiday. In Chamber policy documents, taxation and energy policy were both tied to economic growth, perhaps explaining why oil companies contributed to the Chamber's tax policy.<sup>29</sup> As executives exported the American steel industry abroad, domestic legacy costs mattered all the more—Bethlehem Steel paid \$200 million in taxes in 1971.<sup>30</sup> Challenged by community and consumer groups to pay property tax bills in full, Bethlehem Steel's chairman joined the U.S. Chamber's Taxation Committee while a U.S. Steel executive chaired the committee responsible for implementing the Powell memorandum.<sup>31</sup> Not just a program of extractive or heavy industry, light manufacturers and technology companies campaigned for federal and later state limits.

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<sup>27</sup> The chairman of Chicago corporate law firm Ross, Hardies, O'Keefe, Babcock & Parsons led the committee. Chamber Membership, 1972, 91, Box 22, Series 1, U.S. Chamber records.

<sup>28</sup> See Chs. 1 and 2 of this dissertation. Uhler, "Milton and Rose: Activists and Idea Entrepreneurs"; National Tax Limitation Committee, "History of Spending Limits."

<sup>29</sup> Recommendations of the Chamber of Commerce of the United States for National Economic and Energy Policy, March 31, 1975, Folder Historical Files—Economic, Box 17, Series I, U. S. Chamber records.

<sup>30</sup> Jack Wooldridge, Memo From the Editor, *Nation's Business*, September 1972, 6.

<sup>31</sup> Ross, Hardies, O'Keefe, Babcock & Parsons.



Fig. 2: Special Committee meeting on January 28, 1971. Ture at right. Taxation Committee chairman Walker Winter last on left, reading from pamphlet. Special Committee chairman Stewart S. Cort, chairman of Bethlehem Steel, sitting in the rear center.<sup>32</sup>

The U. S. Chamber baited the federal government with sticks and carrots. A month after the Powell memo identified threats to capitalism including inequitable taxation, uncontrollable inflation, and subversive ideology, the U.S. Chamber spoke out publicly for budget control.<sup>33</sup> The U.S. Chamber addressed President Nixon and members of the U.S. Congress who froze wages and prices during the fall of 1971: “Let’s freeze government too” read full-page ads printed in the *Washington Post* and covered in newspapers across the country.<sup>34</sup> Calling on government to “do its part” and “show self-discipline” by cutting federal spending and restraining money creation, the U. S. Chamber’s ad argued taxpayers—workers subject to wage controls as well as businesses subject to price controls—could not fight inflation alone. In the winter of 1972, President Nixon’s deputy assistant secretary of the Treasury for tax policy joined economist Norman Ture and others

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<sup>32</sup> Folder 16 Long-Range Tax Policy, Box 27, Chamber of Commerce of the United States photographs and audiovisual materials.

<sup>33</sup> Lewis F. Powell, Jr. to Eugene B. Sydnor, Jr., “Attack on American Free Enterprise System,” August 23, 1971, Volume 1972, Box 93, Subseries <>, Series IV, U.S. Chamber records.

<sup>34</sup> “Let’s freeze government too” ad, *The Washington Post*, October 21, 1971, A27, Folder News Clippings 1978-1982, Box 67, Series IV, U.S. Chamber records.

for a U. S. Chamber meeting on the special committee's recommendations for tax policy and expenditure ceilings.<sup>35</sup>

An economic advisor to several presidential administrations and consultant to business associations, Norman Ture is best known for his role in President Ronald Reagan's 1981 tax cuts. Ture finished his masters in economics at the University of Chicago in 1947, and took positions on the Treasury Department's tax analysis staff and at the National Bureau of Economic Research while working on his dissertation.<sup>36</sup> As economist on Congress's Joint Economic Committee, Ture advised U.S. House Ways and Means Committee chairman Wilbur Mills.<sup>37</sup> Alongside Paul McCracken and Arthur Burns, Ture was one of the economists the Democratic power broker called upon for the cost-push view of inflation to counter the Johnson administration's demand-pull view.<sup>38</sup> After receiving his Ph.D. in 1968, Ture started his own tax institute and economic consultancy. Upon his later nomination as President Reagan's undersecretary of the Treasury for Tax and Economic Affairs, press releases noted his affiliation with conservative think tanks like the American Enterprise Institute but neglected to list Ture's consulting clients, namely NAM and the U. S. Chamber.

In a 1972 white paper for the U.S. Chamber's special committee, Ture argued that over the long term, government taxing would produce balanced growth if rates were low and flat and levied on as little income as possible.<sup>39</sup> In particular, the corporate income tax should be eliminated in

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<sup>35</sup> February 14, 1972. Folder 28 Taxation Committee, Box 28, Chamber of Commerce of the United States photographs and audiovisual materials.

<sup>36</sup> Press Releases of the United States Department of the Treasury, Biographical Notes of Dr. Norman B. Ture, Under Secretary For Tax and Economic Affairs, February 24, 1981, <https://fraser.stlouisfed.org/title/press-releases-1981-1989-6111/volume-234-587077/biographical-notes-dr-norman-b-ture-secretary-tax-economic-affairs-531704>.

<sup>37</sup> Zelizer, *Taxing America*, 1998.

<sup>38</sup> Ibid.

<sup>39</sup> Dr. Norman B. Ture, "White Paper on Long Range Tax Policy and Balanced Growth" prepared for The Special Committee on Long Range Tax Policy and Balanced Growth (Washington, D.C., Chamber of Commerce of the United States, October 1972), 66.

favor of pass-through S corporations or individual income taxes. Redefining loopholes as unneutralities that corrected penalties on work effort and productivity, saving and investing, and risk-taking inherent to the income tax, Ture singled out a favorite business tax break—accelerated depreciation—as an example of efficient allocation of scarce resources.<sup>40</sup> Dismissing ecological critiques of economic growth, Ture located problems elsewhere: “uncontrollable” programs that grew automatically as beneficiaries increased and graduated income tax rates that raised revenue faster than production grew. Ture, a member of President Nixon’s Task Force on Business Taxation, cross-referenced his own work as legitimation, endorsing the presidential Task Force’s recommendations that any additional federal revenue be raised through a value-added tax, rather than an increase in income tax rates.

Expenditure ceilings, which aimed to change the way the U.S. Congress worked, were harder to implement than the U. S. Chamber’s tax policy goals. Over time, the U. S. Congress had split budgeting powers between committees for appropriations (expenditures) and finance or ways and means (tax revenues). Continuing resolutions kept the government open during deficit years. Thus, a southern Democrat like Wilbur Mills could demand cuts to Great Society programs from his position as a committee chairman in the House with the authority to veto taxes. As the 1968 expenditure ceiling and its successors exempted budget lines such as the Vietnam War and Social Security, business associations sought another way to fight budget inflation. In 1970, 34 percent of gross national product went to government spending; if nothing changed, by 1980, this figure would grow to 40 percent.<sup>41</sup> Booth thought the necessary first step was reviving the Joint

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<sup>40</sup> Here Ture cited Milton Friedman, “The ‘Welfare’ Effects of an Income Tax and an Excise Tax,” *Journal of Political Economy* vo. LX (February 1952): 25-33 and I. M. D. Little, *A Critique of Welfare Economics* (Oxford 1950): 157-79, *ibid*, 5.

<sup>41</sup> Charles R. Armentrout to Editor, April 12, 1972, Folder Monthly By-Line Articles 1970-1972, Box 67, Series IV, U.S. Chamber records.



Committee on the Legislative Budget to “get the money-raisers together with the money-spenders, to consider income and outgo at the same time.”<sup>42</sup>

The U.S. Chamber developed a five-point program: vote on the budget as a whole, project costs for five years, start annual budgets at zero rather than the previous year’s appropriation, pilot test new programs, and list all federal spending in one place. Several national chamber committees and the sixty-three-member board of directors approved these points.<sup>43</sup> “How Can We Control Government Spending?” Executive Director Arch Booth’s monthly by-line editorial asked in April 1972.<sup>44</sup> Booth encouraged local chambers and other business organizations to pressure their congressmen to adopt the U.S. Chamber’s five-point program. The U.S. Chamber’s ad campaign “See here Uncle!” also encouraged local chambers to use the five points in their work.<sup>45</sup>

The U.S. Chamber launched this budget control program in the weeks leading up to its 1972 annual meeting featuring discussions of local, state, and federal spending. Nine Action Forums on the agenda included issues that could be resolved with less public spending: Public Employee Labor Disputes: Strikes and Alternatives, Better Education for Your Tax Dollar, and New Concepts in Taxation—What Business Can Do About the Property Tax?<sup>46</sup> California Governor Ronald Reagan addressed the second general session of the Sixtieth Annual Meeting.<sup>47</sup> In California that April of 1972, the Reagan administration’s Legacy Task Forces began meeting

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<sup>42</sup> Arch Booth, “How Can We Control Government Spending?,” *The Voice of Business*, April 24, 1972, Folder “The Voice of Business” Booth, Arch 1972, Box 68, Subseries D, Series IV, U.S. Chamber records.

<sup>43</sup> “How to Gain Control of the Federal Budget,” Bound Volume Publications 1972 A-I, Box 93, Subseries F, Series IV, U.S. Chamber records.

<sup>44</sup> Arch Booth, *How Can We Control Government Spending?*, Folder Monthly By-Line Articles 1970-1972, Box 67, Series IV, U.S. Chamber records.

<sup>45</sup> *Chamber of Commerce Newsletter*, vol. LV, no. 6, June 1972, 143; “It’s Your Dollars They’re Spending,” *Chamber of Commerce Newsletter*, vol. LV, no. 10, October 1972, 175, Subseries <>, Series IV, U.S. Chamber records.

<sup>46</sup> *Chamber of Commerce Newsletter*, vol. LV, no. 2, March 1972, 72, Subseries <>, Series IV, U.S. Chamber records.

<sup>47</sup> *Chamber of Commerce Newsletter*, vol. LV, no. 6, June 1972, 128, Subseries <>, Series IV, U.S. Chamber records.

to discuss tax reduction, among other planks of a future presidential platform.<sup>48</sup> Perhaps the U.S. Chamber's federal expenditure ceiling influenced state tax limitation. Certainly, business's program shaped the Republican Party platform. When President Nixon ran for re-election that fall, he campaigned for the unilateral authority to cut spending above a propose spending limit.<sup>49</sup> That is, Nixon wanted to line item veto programs he considered wasteful. Reagan, who had failed to shrink state government with the same powers at his disposal, could have advised Nixon that a constitutional fix was needed.

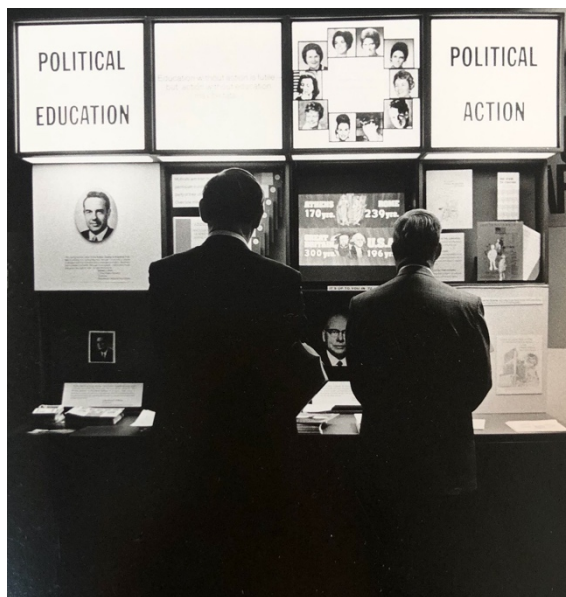


Fig. 3: Exhibit at 1972 U.S. Chamber Annual Meeting on left; Reagan speaking on right.<sup>50</sup>

The U.S. Chamber recruited politicians to introduce legislation based on the business association's five-point program. In September 1972, U.S. Senator William E. Brock of Tennessee introduced the "Federal Act to Control Expenditures and Upgrade Priorities" numbered Senate

<sup>48</sup> See Ch. 5 of this dissertation.

<sup>49</sup> <https://archives-democrats-rules.house.gov/Archives/jcoc2y.htm#:~:text=In%201972%20Congress%20created%20a,of%20hearings%20in%20March%201973.>

<sup>50</sup> Folder 26 Second General Session-Reagan; Folder 34 Black Star photographs and contact sheets, Chamber of Commerce of the United States photographs and audiovisual materials, (Accession 1993-230), Manuscripts and Archives, Hagley Library and Museum, Wilmington, DE 19807.

Bill 40 or 3984. Writing readers of the Chamber's magazine *Nation's Business* at the end of 1972, Brock compared the U.S. Congress to a five-hundred member board spending a corporation into bankruptcy.<sup>51</sup> With minor modifications, the Brock bill as it came to be known, was the U.S. Chamber's five-point program, the result of a "two-year study by a committee of experts on fiscal policy," that is, the U.S. Chamber's Special Committee on Long-Range Tax Policy and Balanced Growth.<sup>52</sup> Adapting the principle of zero-based budgeting to favor the benefit theory of taxation, the Brock bill exempted major programs funded by user taxes from mandatory evaluations every three years. Specifying the proportion of federal spending allocated automatically at seventy percent, the Brock bill required each "trust fund" budget line be appropriated every year.

The U.S. Chamber never expected the Brock Bill to pass in 1972, but instead worked with NAM to create the political conditions to carry the next bill, and the next bill after that. Sharing the business community's support with members of the U.S. Congress, Booth telegraphed the U.S. Chamber's intent: "to develop the groundswell of grassroots demand that will help assure passage of the bill when it is reintroduced next year."<sup>53</sup> NAM endorsed the Brock bill and prepared its own federal spending limit legislation to be introduced in February 1973.<sup>54</sup> Not only did the U.S. Chamber and NAM share legislative drafting and lobbying responsibilities, the business

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<sup>51</sup> Sen. William E. Brock III (R.-Tenn.), "A Plan to Make Federal Budgeting Make Sense," *Nation's Business*, December 1972, 40-3.

<sup>52</sup> While the U.S. Chamber's Brock Bill slide show does not name the Special Committee, and while the Special Committee's records were not deposited at the Hagley, there is no other committee that matches this description in the annual Chamber membership roster. Federal Spending Control S. 40—The Brock Bill, Bound Volume Publications 1973 A-H, Box 93, Subseries F, Series IV, U.S. Chamber records.

<sup>53</sup> "Bill Seeks to Bring Federal Budget Under Control," September 22, 1972, Bound Volume Publications 1972 A-I, Box 93, Subseries F, Series IV, U.S. Chamber records.

<sup>54</sup> Senator Bellmon (D-OK) introduced S. 703 on February 1, 1973. Senator Beall (R-MD) introduced S. 758 on February 5, 1973. "Fiscal Responsibility," NIC Week Brief Reports, February 9, 1973, Publications NIC Week 1973 100-NN Folder, Box 163, National Association of Manufacturers (Accession 1411), Manuscripts and Archives, Hagley Library and Museum, Wilmington, DE 19807 hereafter NAM 2020 to refer to the updated finding aid and NAM otherwise.

associations jointly produced economic knowledge. For example, economist Norman Ture wrote related but not identical reports on tax policy for each organization.

NAM's expenditure ceiling legislation built on years of internal work that gained momentum as federal spending increased.<sup>55</sup> Since 1969, a subcommittee of NAM's Government Operations/Expenditures Committee on the Expenditure Process had been meeting to discuss expenditure ceilings.<sup>56</sup> In 1971, NAM invited members to develop "a business-like program to rationalize and improve the public expenditure process."<sup>57</sup> Recruitment proved challenging, with U.S. Steel's economist and a McGraw-Hill vice president, among others, saying no to a position on the subcommittee.<sup>58</sup> Michigan businesses Diamond Crystal Salt Company and Gerber Products Company said yes. When NAM convened a budget study task force to focus on federal expenditures at the end of 1972, business participation increased. Western Electric Company, Inc. sent its manager of economics and actuarial research, Revere Copper & Brass, Inc. its vice president and treasurer, and Exxon and Merck & Company their top economists.<sup>59</sup>

Consultants including Norman Ture performed analysis while NAM staffers ran the Expenditure Process subcommittee. Ture's 1971 report to NAM's full Government Operations/Expenditures Committee on "Federal Finances in the 1970's" was followed by a May 1972 Taxation Committee request for a report on corporate taxation.<sup>60</sup> Ture recommended tying federal spending to economic growth in a more complicated manner than the California

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<sup>55</sup> <NAM also had a school finance committee>

<sup>56</sup> The Government Expenditure Process Subcommittee began meeting on May 28, 1969 in New York. Box 692, NAM 2020.

<sup>57</sup> Edward A. Sprague to William H. Alvord, January 14, 1971, Expenditures Process Subcommittee (Correspondence) 1971 Folder, Box 692, NAM 2020.

<sup>58</sup> Expenditures Process Subcommittee (Correspondence) 1971 Folder, Box 692, NAM 2020.

<sup>59</sup> Government Finance Committee folders, Box 690, NAM 2020.

<sup>60</sup> Norman B. Ture, "Federal Finances in the 1970's" presented to Taxation and Government Operations/Expenditures Committees, NAM, November 11-12, 1971, Government Operations/Expenditures Committee mailings 1971 Aug.-Dec. Folder, Box 693, NAM 2020.

conservatives slowing state spending, but the basic principle was the same.<sup>61</sup> NAM's Expenditure Process subcommittee resolved that an expenditure ceiling should limit exemptions for "uncontrollables" like Social Security and apply to both congressional and executive budgets. If effective, this spending limit would keep taxes reasonable and encourage public sector productivity.<sup>62</sup> As it prepared to introduce its version of an expenditure ceiling in the U. S. Congress at the beginning of 1973, NAM publicly released Norman Ture's study "Tax Policy, Capital Formation and Productivity," an econometric substantiation of the argument the economist made for the U.S. Chamber just months before. Ture argued eliminating tax penalties for private savings and "capital formation" would grow the economy.<sup>63</sup> Ture presented twenty years' worth of data that redistributive taxation did not reduce income equality. The previous month, Ture held a press conference for NAM, and the next month, addressed "The Fiscal Crisis" at NAM's Industry/Government Dialogue for Action, Public Policy, and Economic Growth conference.<sup>64</sup>

NAM called on leading conservative economists who later advised the tax limitation movement in the states. Bill Niskanen, then at the U. S. Office of Management and Budget, shared his standard advice that it "was necessary to change the 'conventional wisdom' of officials" like

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<sup>61</sup> Ture's description of how to slow federal spending: "frequent, periodic tax reductions combined with budget rules requiring five-year projections of all spending programs, the limitation of projected expenditures to the full-employment revenues generated with the periodically reduced tax rates, and the limitation of spending under new initiatives to amounts saved by reductions or terminations of existing programs." Norman B. Ture, "Federal Finances in the 1970's" presented to Taxation and Government Operations/Expenditures Committees, NAM, November 11-12, 1971, Government Operations/Expenditures Committee mailings 1971 Aug.-Dec. Folder, Box 693, NAM 2020.

<sup>62</sup> Resolution Expenditure Process Subcommittee of the Government Operations/Expenditures Committee, March 17, 1971, Expenditures Process Subcommittee (Correspondence) 1971 Folder, Box 692, NAM 2020.

<sup>63</sup> Norman B. Ture, "Tax Policy, Capital Formation, and Productivity," a study prepared for The Committee on Taxation, NAM, 1973, Folder GOEC Mailings 1973 Feb.-Sept., Box 694, NAM 2020.

<sup>64</sup> Ture press conference on tax policy photos, Folder 30, Box 7, NAM photographs and audiovisual materials, Hagley. Industry/Government Dialogue for Action Public Policy and Economic Growth, NAM's Second Joint Policy Committee Conference, March 7-8, 1973, The Washington Hilton, Washington, D.C. Government Operations/Expenditures Committee mailings 1972 Jan.-June Folder, Box 694, NAM 2020.

bureaucrats who wanted to expand government.<sup>65</sup> The American Enterprise Institute presented a study on the federal budget study by University of Michigan economics professor Paul McCracken.<sup>66</sup> A member of Eisenhower's and Nixon's Council of Economic Advisors and of Johnson's Presidential Commission on Budget Concepts, McCracken would advocate for constitutional amendments in California and Michigan. At the end of 1973, economist Milton Friedman, American Conservative Union chairman and U.S. representative from Illinois Phil Crane, and the conservative writer and editor Bill Buckley, Jr. spoke at NAM's annual Congress of American Industry at New York's luxurious Waldorf-Astoria hotel.<sup>67</sup> With the exception of Friedman, these were the economists the Democratic Ways and Means chairman Wilbur Mills consulted.<sup>68</sup>

Within weeks of the introduction of the U. S. Chamber of Commerce's Brock Bill, the U.S. Congress had convened a Joint Study Committee on Budget Control. Business kept up the pressure as members of appropriations and revenue committees in the House and Senate negotiated over budget control. As they revised the Joint Committee's bill, senators introduced favored U.S. Chamber provisions including estimates of outlays for five years, pilot testing of new programs, and time limits for any program authorization.<sup>69</sup> Internally, the Chamber of Commerce Newsletter and magazine *Nation's Business* advertised "Take your choice. Control spending or raise taxes."<sup>70</sup>

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<sup>65</sup> Dr. Elsie M. Watters, director of state-local research at the Tax Foundation also spoke, noting the increase in school spending, including for salaries and benefits. Minutes of the Government Operations/Expenditures Committee Meeting, Madison Hotel, Washington, D.C., February 29, 1972, Box 694, NAM 2020.

<sup>66</sup> In 1971, McCracken resigned his chairmanship of Nixon's Council of Economic Advisors after the president imposed wage and price controls by executive order. AEI's "Nixon-McGovern and the Federal Budget." Government Operations/Expenditures Committee mailings 1972 Jan.-June Folder, Box 694, NAM 2020.

<sup>67</sup> NAM 78th Congress of American Industry, Waldorf-Astoria, New York, December 6-7, 1973, Government Operations/Expenditures Committee minutes 1973 Oct. 10-12 Folder, Box 694, NAM 2020.

<sup>68</sup> <NAM's early access to them meant...>

<sup>69</sup> Allen Schick, *Congress and Money: Budgeting, Spending and Taxing* (Washington, D.C.: The Urban Institute, 1980): 67, 69.

<sup>70</sup> Chamber of Commerce Newsletter, vol. LVI, no. 4, April 1973, 96, Box 71, Subseries <>, Series IV, U.S. Chamber records. *Nation's Business* May 1973, 62.

Coordinating with local and state chambers of commerce in addition to NAM, the U.S. Chamber lobbied politicians to control spending.<sup>71</sup> U.S. Chamber board member David Packer, chairman of technology company Hewlett-Packard and Nixon's recent Secretary of Defense, chaired the advocacy group Citizens for Control of Federal Spending.<sup>72</sup> Rather than a "substantial decrease in federal outlays," NAM expected to turn the tide "away from the runaway growth in spending experienced over the past decade."<sup>73</sup> With statements and testimony before congressional committees, personal communications with legislators and staffers, pamphlets, bulletins, and *NAM Reports* articles, and targeted outreach from members in key states and districts, NAM lobbied for the strongest bill possible. NAM judged itself "one of very few organizations with the membership, resources, and policy positions necessary to maintain a constant watch over the legislation..."<sup>74</sup> However, monitoring was not enough to remove federal legislators' prerogative to spend.

The Congressional Budget and Impoundment Control Act of 1974 established a new Congressional Budget Office, budget committees in the House and Senate, and a new process of resolution and reconciliation, ending what one scholar called the "Seven-Year Budget War."<sup>75</sup> However, many of the Chamber's provisions, in particular the spending ceiling, were stripped from the final legislation and replaced with targets. Existing practices, for example, backdoor legislation and off-budget agencies, were banned only for new programs.<sup>76</sup> For permanent limits,

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<sup>71</sup> Loran C. Vanderlip, Director, Taxation Department to Members of the Statewide Tax Committee and Tax Forum re: Reform of the Federal Budgetary Process, California Chamber of Commerce Tax Memo 74-10, July 18, 1974, Folder Spending Reform Legislation 1973-1974, Box 695, NAM 2020.

<sup>72</sup> *Congressional Record*, April 4, 1973, 10940 accessed at <https://www.govinfo.gov/content/pkg/GPO-CRECB-1973-pt9/pdf/GPO-CRECB-1973-pt9-2-1.pdf>.

<sup>73</sup> *NAM Reports*—Budget Reform: The NAM Role, undated draft, 1, Folder Spending Reform Legislation 1973-1974, Box 695, NAM 2020.

<sup>74</sup> *Ibid.*, 5.

<sup>75</sup> Ch. 2, Schick, *Congress and Money*, 17.

<sup>76</sup> Schick, *Congress and Money*, 79.

business temporarily shifted focus from the U.S. Congress to state constitutions. The U.S. Chamber and NAM achieved one clear victory: nearly every financial decision would require approval from multiple committees. In many ways, the Johnson administration opened the conflict by spending on guns and butter and implementing programming-planning-budgeting. Nixon escalated in 1973 by insisting on a binding expenditure ceiling, vetoing departmental budgets like Health, Education, and Welfare's, and impounding appropriated funds. Importantly, the U.S. Congress re-established its authority over the federal budget by requiring a vote to keep money frozen.<sup>77</sup>

The legislative budget restored the U.S. Congress's constitutional power of the purse and located political power in state-level campaigns for federal legislators, where business was prepared to gain influence. The U.S. Chamber devoted more money and manpower to electing legislators, favorably comparing its success rate to the labor federation the AFL-CIO a few years after the 1971 election campaign finance reforms.<sup>78</sup> NAM published legal advice on "what a corporation can and cannot do to encourage employee political contributions and other forms of political activity."<sup>79</sup> What should be done in the nation's capital could be done in state capitols too.

## **Michigan Losses**

During the early 1970s, striking teachers demanded a say over curriculum and accountability in addition to salaries. Public sectors strikes threatened business interests because representatives lost the "free choice" to budget when the "civil servant tail" tried to "wag the

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<sup>77</sup> Schick, *Congress and Money*, 71.

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<sup>79</sup> A Los Angeles law firm wrote the booklet "Corporate Political Contribution," NIC Week Brief Reports, June 8, 1973, Folder GOEC Mailings 1973 Feb.-Sept., Box 694, NAM 2020.



government dog.”<sup>80</sup> Public employees like teachers who provided the “most vital services” were in “the best position to extort excessive pay packages” from state and local governments.<sup>81</sup> The U. S. Chamber observed the AFL-CIO’s contribution to New York teachers’ strike fine and warned that financial penalties alone could not deter the whole labor movement. Moreover, public sector strikes encouraged private sector militancy.<sup>82</sup> The U. S. Chamber established a subcommittee on Public Employee Bargaining and held a National Symposium on Public Employee Unionization.<sup>83</sup> Four hundred companies were involved in state and local fiscal projects by the end of the 1970s.

Michigan, where business conservatives including chemical engineers and direct sellers put tax limit language before legislators and voters in 1974, 1976, and 1978, was a laboratory for Uhler’s political program. Dow Chemical Company industrial engineer and lobbyist Bill Shaker, was inspired by the U.S. Chamber of Commerce to lead his Midland, MI chamber of commerce’s state tax and spending limitation efforts. Dow Chemical’s Chairman of the Board sent the company’s money and lobbyist to support California’s Proposition 1 tax limitation.<sup>84</sup> Bill Shaker spent three weeks campaigning with Uhler and a week after the 1973 defeat “poking through the ashes.” Carbon copying a Dow USA executive vice president, Uhler wrote to the general manager of the chemical company’s western division, thanking him for Dow and Shaker’s “excellent

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<sup>80</sup> “Action for the 70’s on: Public Employee Strikes,” 2, 3, Pamphlets A, Box 65, Subseries C, Series IV, U.S. Chamber records.

<sup>81</sup> 3.

<sup>82</sup> According to three-quarters of the responding business executives the Conference Board surveyed. David C. Hershfield, “Management and Labor View the Big Issues in 1973,” *The Conference Board RECORD*, February 1973, 21, Publications NIC Week 1973 100-NN Folder, Box 163, NAM 2020.

<sup>83</sup> October 7, 1976 in San Francisco. *Ibid.*

<sup>84</sup> Uhler identified the Chairman by position, not name, but it is surely Carl Gerstacker, whose papers are housed at the Science History Institute, formerly Dow’s Post Street Archives. Interview with Lew Uhler, February 28, 2019. Sheldon D. Engelmayer and Robert J. Wagman, *The Taxpayer’s Guide to Effective Tax Revolt* (New York: Dale Books, 1978), 84. E. N. Brandt, *Chairman of the Board: A Biography of Carl A. Gerstacker* (East Lansing: Michigan State University Press, 2003). Lewis K. Uhler to Joe Coors, June 1, 1976, 2, Michigan Drawer, Michigan Fund-Raising Folder, Lewis Knight Uhler Office Files (LKU).

support and assistance.”<sup>85</sup> The University of Michigan economist Paul McCracken, who endorsed Prop 1 and wrote Uhler that there was “some interest” in a similar program for Michigan, could have learned about tax limitation from Dow, on whose board he sat.<sup>86</sup>

In those days, a “bunch of cowboys,” not “your traditional Wall Street types,” ran Dow.<sup>87</sup> Uhler remembers: “They weren’t very tolerant of invasive government or anything else and they fought back.” Dow, which did not consider itself a “team player,” had left the National Association of Manufacturers in the fall of 1972, but kept its membership in the U.S. Chamber of Commerce.<sup>88</sup> After fierce student protest over Dow engineering recruitment on college campuses focused public attention on the napalm producer’s role in the Vietnam War, Dow invested in public relations.<sup>89</sup> At the same time, Dow hired tax limiters to quietly roll back state electricity regulations.<sup>90</sup> Throughout the 1970s, Dow’s Manager of Public Affairs sat on the Chamber’s Public Affairs Committee and its director of government affairs served on the Government Operations and Management Committee.<sup>91</sup> After rejoining NAM towards the end of the decade, Dow’s renamed Director of Public Affairs led the manufacturers’ association’s Public Affairs program.<sup>92</sup>

The company’s public relations abilities surely influenced Shaker’s self-presentation as a concerned citizen. Shaker was an engineer steeped in a long tradition of anti-union management

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<sup>85</sup> Lew Uhler to Al Look, November 29, 1973, TUTL Correspondence 1973 Folder, Box 1, Taxpayers United Federation, Bentley History Library, University of Michigan hereafter TUF.

<sup>86</sup> Paul W. McCracken to Ronald Reagan, October 5, 1973, Box 8, Folder Correspondence, 1973, R; Lewis K. Uhler to Prof. Paul W. McCracken, December 17, 1973; Paul W. McCracken to Lewis K. Uhler, January 4, 1974, Box 19, Folder Correspondence, 1973-1976, U, Paul W. McCracken papers, Bentley History Library, University of Michigan hereafter PWM. Dow Chairman Gerstacker met Paul McCracken in Washington, D.C. during the University of Michigan economist’s Chairmanship of Nixon’s Council of Economic Advisors, and recruited him to join Dow’s Board. Brandt, *Chairman of the Board*.

<sup>87</sup> Interview with Lew Uhler, February 28, 2019.

<sup>88</sup> Dow Chemical’s fall 1972 resignation letter, Box 3, Series IV: General Administrative Files, 1955-1976, NAM.

<sup>89</sup> See the 1979 documentary *The War at Home*.

<sup>90</sup> The U.S. turn to deregulation is often dated to President Carter’s deregulation of the airline industry in 1977. Thomas K. McCraw, *Prophets of Regulation: Charles Francis Adams, Louis D. Brandeis, James M. Landis, Alfred E. Kahn* (Cambridge, MA: Belknap Press of Harvard University Press, 1984).

<sup>91</sup> Membership of National Chamber Committees and Panels, 1973-1974, Box 22, Series I, U.S. Chamber records.

<sup>92</sup> Box 245, NAM. Fred Quigley was also an inventor.

practices who held the title Manager of Government Relations Technical Analysis for Dow.<sup>93</sup> Based on Shaker's mathematical model of manpower and his time measurement methods, Dow first cut then sped up its workforce.<sup>94</sup> When Shaker spoke publicly, he hid his training in industrial relations, his work in lobbying, and his chairmanship of the Michigan State Chamber of Commerce state affairs committee. Explaining his role in tax limitation, Shaker told journalists he took a leave of absence from the company to travel to California after independently coming up with the same idea for his local chamber of commerce, based in the Michigan city where Dow had begun processing chemicals in the nineteenth-century.<sup>95</sup> Given property tax limitation's long history as a fiscal concept in Michigan, as described in Ch. 1 "Tax Slackers," Shaker may very well have thought up his own version. Or perhaps state tax limitation, which the Boston Chamber of Commerce was considering at the time, was a U.S. Chamber of Commerce program.<sup>96</sup>

Shaker claimed his inspiration for tax limitation amendment petition language was a March 1972 Midland Area Chamber of Commerce policy statement that taxes should be set at a fixed proportion of governmental units' ability to pay.<sup>97</sup> A chamber tax study committee had examined Michigan taxes and proposed that government at all levels control costs to restrain inflation and encourage economic growth. These findings echoed the U.S. Chamber's contemporaneous calls for a federal spending ceiling described in the first section of this chapter. Local chambers received the Chamber of Commerce Newsletter, which ran several ads about the U.S. Chamber's campaign to slow federal spending, and participated in the National Council. Chambers of Commerce

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<sup>93</sup> Taxpayers United for Tax Limitation, "Who Behind the Tax Limitation Amendment," September 25, 1978, Promo Material for "Headlee Amendment" Folder, Box 1, Richard Headlee Papers, Bentley History Library, University of Michigan hereafter RHH.

<sup>94</sup> William H. Shaker Resume, Shaker, William Folder, Box 1, RHH

<sup>95</sup> "Chamber endorses tax limitation plan," *Midland Daily News*, May 23, 1974, Box 1, Folder TUTL Correspondence 1973, TUF. Shaker repeated this story to Bob Kuttner.

<sup>96</sup> <Images 8626-8636>, Box GO 115, Series IX: Proposition One, 1973, Ronald Reagan Governor's Papers, Ronald Reagan Library.

<sup>97</sup> "Chamber endorses tax limitation plan."

coordinated tax campaigns with At the end of the 1960s, of all the taxpayers' organizations the Chamber worked with, local chambers operated twenty-two percent.<sup>98</sup> Also in 1972, Shaker and a Saginaw, MI lawyer started an informal tax organization, which would later divide its labor between elite and grassroots organizing.<sup>99</sup> Announcing taxpayer group support for the state tax limit in a conservative Detroit newspaper, Shaker added reasons that echoed the U.S. Chamber's explanation of the "taxation and spending explosion"—"the lack of effective management tools in the legislative spending process, the snowball effect of government spending programs and the underestimated cost of government services"—and public choice economists'—"the power of special interest as contrasted with the general interest."<sup>100</sup>

Backed by business associations, Dow brought tax limitation to the industrial Midwest, where Uhler hoped the fiscal concept would launch to the nation. Upon returning to Midland, MI, Shaker immediately and unsuccessfully tried to "sell (the Michigan) legislature on the idea."<sup>101</sup> Republican politicians like Michigan's moderate governor thought that since taxation followed spending, a limit on taxes alone was too simplistic.<sup>102</sup> Failing to get his bill out of committee in the state House, Shaker and his company sought Uhler's help.<sup>103</sup> Angling for a consulting contract, Uhler proposed to help Dow improve its "political technology," prodding Shaker to pursue a "far-reaching, aggressive, carefully calculated strategy" to save the petroleum products industry from

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<sup>98</sup> Local Chamber of Commerce Department, "Affiliates, Organizations, Groups," 1968 Survey of Local Chambers of Commerce, 11, Volume 1968, Box 91, Series IV, Chamber records.

<sup>99</sup> Allan C. Schmid. Unlabeled document, July 22, 1980, Box 5, Taxpayers United Federation, Inc. Organization Information, TUF.

<sup>100</sup> William H. Shaker, "Taxpayer group backs state tax limit," *The Detroit News*, June 29, 1974, 4-A.

<sup>101</sup> Kuttner, *Revolt of the Haves*, 279. In the spring of 1974, Rep. Thomas Sharpe, Republican of Howell, introduced the tax limit in the Michigan House with forty sponsors, and no expectation his bill would make it out of committee. Louis Cramton, "Support move to cut state taxes," *Midland Daily News*, April 20, 1974, Box 1, TUTL Correspondence 1973 Folder, TUF.

<sup>102</sup> "A state tax limit? It's not a solution," *The Detroit News*, May 21, 1974, 20-A. "Tax Ceiling Flawed," Editorial Page, *Grand Rapids Press*, May 30, 1974, 10-A.

<sup>103</sup> Lewis K. Uhler, "Tax Limitation: An Idea Whose Time Has Come," *Human Events*, April 27, 1974, 43.

regulation or nationalization.<sup>104</sup> Tax limitation, Uhler implied, would preserve the free enterprise system.

Uhler positioned his interest in Michigan as strategic as well as financial. In the pages of *Human Events*, Uhler predicted adoption in a “major industrial state” like Michigan would “precipitate a groundswell of such efforts in the Midwest and Northeast” and “provide the necessary support base from which to launch federal tax limitation.”<sup>105</sup>

Lessons from California included: the public sector was a “potent force” that “must be neutralized”; petition signers were potential campaign volunteers; the electorate needed to be “immunized” with “(c)omplete but simple information” in advance; the sponsoring committee should be non-partisan; the amendment should include short-term tax breaks; local school taxes should be subject to the limit too.

Regrouping, Shaker cleared petition language for a 1974 ballot initiative by several Michigan law firms and by Uhler’s aides and economists, including Milton Friedman, Bill Niskanen, and Craig Stubblebine.<sup>106</sup> The Michigan amendment limited forty-seven state and local taxes and other state revenue to 8.3 percent of personal income, the state’s share in 1974. If the state exceeded its limit, taxpayers would be refunded taxes proportional to what they paid, and if the state mandated new local services, it would have to pay for them. With forty co-sponsors in the state House, the tax limit bill was expected to die in committee.<sup>107</sup> A petition drive would be necessary.

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<sup>104</sup> By the middle of the summer, Uhler wrote Shaker at his Dow office hoping to finalize a consulting arrangement. Lewis K. Uhler to Bill Shaker, March 15, 1974, Michigan Drawer, Shaker Folder, LKU. Lewis K. Uhler to Bill Shaker, July 31, 1974, Michigan Drawer, Michigan Fund-Raising Folder, LKU.

<sup>105</sup> Lewis K. Uhler, “Michigan Taxpayers Have Chance to Make History,” *Human Events*, June 22, 1974, 7.

<sup>106</sup> Lewis K. Uhler memo to Friedman, Niskanen, Stubblebine, and Charles D. Hobbs, April 9, 1974, Michigan Drawer, Loose 1974 Papers, LKU. Richard Durant to William Shaker, December 27, 1973; William H. Shaker to Rocket Committee Member, May 22, 1974, Box 1, Folder TUTL Correspondence 1973, TUF.

<sup>107</sup> Louis Cramton, “Support move to cut state taxes,” *Midland Daily News*, April 20, 1974, Folder TUTL Clippings 1974, Box, TUF.

Shaker aimed to reverse the past few years of school finance reform and forestall metropolitan governance. A director of the Conservative Party of Michigan, founded in 1971 by “professionals, small businessmen, anti-union workers, and angry housewives” drawn from “anti-gun control, anti-busing, anti-ERA, Pro-life, libertarian, anti-tax and other groups,” Shaker likely heard an address on “Education and Anti-Busing” at the 1973 Conservative Legislative Conference held at the Detroit Metropolitan Airport before flying off to California’s Proposition 1 campaign.<sup>108</sup> In a rejection of the Detroit Board of Education’s new state-granted ability to levy a non-voted income tax, the 1974 tax limitation petition required voter approval for all local taxes. By effectively requiring voter approval for new political units too, Shaker hoped the amendment would “cut the jugular vein of the social planners and others at the public trough” who advocated metropolitan busing for school integration and regional land-use planning.<sup>109</sup> Detroit anti-busing activist Carmen Roberts later joined the conservative party.<sup>110</sup> Shaker picked a date dear to leftists everywhere to launch his petition drive: May Day.<sup>111</sup>

Uhler advised assigning signature goals in a “pyramid organizational structure” to hold individuals and groups “accountable,” and assigning a full-time staffer, possibly from the Michigan State Chamber of Commerce, who was “highly organized” and a “real salesman.”<sup>112</sup> Whether or not the state chamber provided a staffer, its board voted unanimously to support the

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<sup>108</sup> William H. Shaker listed as director, alongside chairman Norman Hughes and others, with a term expiring in 1975. *The Michigan Conservative Viewpoint*, undated circa 1973 party publication; Flyer for the Conservative Legislative Conference, Hilton Inn, Detroit Metropolitan Airport, August 11, 1973, Folder 19, Box 59, ACU. Norman R. Hughes to M. Stanton Evans, June 2, 1975, Folder 11 Conservative Party of Michigan, Box 59, ACU.

<sup>109</sup> William H. Shaker to Rocket Committee Member, May 22, 1974, Box 1, Folder TUTL Correspondence 1973, TUF.

<sup>110</sup> Flyer for Michigan Conservative Union, CPAC 78: A Blueprint for Action, Folder 19, Box 59, ACU.

<sup>111</sup> News Release, April 29, 1974, Michigan Drawer, Loose 1974 Papers, LKU.

<sup>112</sup> Lewis K. Uhler to Bill Shaker, May 22, 1974, Michigan Drawer, Shaker Folder, LKU.

tax limitation amendment Shaker presented and printed petitions for all who asked.<sup>113</sup> The National Federation of Independent Businesses surveyed its 15,493 Michigan members about the amendment, and circulated petitions after their favorable response.<sup>114</sup> A state legislator, one of fifty-four who endorsed tax limitation, asked the Gas Station Dealers Association and the Restaurant Association to display petitions in member businesses.<sup>115</sup>

Ideological lines drawn far to the right of bipartisan, Shaker collected signatures through conservative groups. A professor of history in Cereal City, USA, executive secretary of the Michigan chapter of Young Americans for Freedom, and member of the Conservative Party of Michigan coordinated the petition drive.<sup>116</sup> Another party member was Oakley Bramble, veteran of 1960s tax groups and author of the Inflation Survival Newsletter.<sup>117</sup> The Conservative Party of Michigan was centrally concerned with loss of freedom due to deficit spending, and proposed reducing federal debt, returning to the gold standard, and revoking the minimum wage to stabilize the economy.<sup>118</sup> The American Conservative Union circulated petitions too.<sup>119</sup> The Michigan Americanism Council, a proven group which gathered 200,000 signatures to roll back the gas tax, also gathered signatures.<sup>120</sup> Suggesting potential supporters to Shaker, the executive secretary of the Michigan Americanism Council listed anti-abortion, pro-gun, local control, Liberty

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<sup>113</sup> Michigan State Chamber of Commerce, Policy Proposal Relating to Constitutional Amendment to Limit Taxes for Approval Board of Directors, May 16, 1974, Michigan Drawer, <, LKU. "Spending/Tax Control," Monthly Executive Report, June, 1974, Michigan Drawer, Michigan (3) Folder, LKU.

<sup>114</sup> C. T. Thatcher to Mr. William H. Shaker, June 14, 1974; Don L. Robinson to NFIB Member, undated, Michigan Drawer, Michigan Fund-Raising Folder, LKU.

<sup>115</sup> Mike Conlin. Lewis K. Uhler to Joe Coors, June 1, 1976, 2, Michigan Drawer, Michigan Fund-Raising Folder, LKU.

<sup>116</sup> Jackson Worsham taught at Kellogg College in Battle Creek, MI. Ibid.

<sup>117</sup> Norman R. Hughes, C.P.M. Member News..., undated, Folder 20, Box 59, MSS 176, Register of the American Conservative Union, 20th & 21<sup>st</sup> Century Western and Mormon Americana, L. Tom Perry Special Collections, Harold B. Lee Library, Brigham Young University hereafter ACU.

<sup>118</sup> Conservative Party of Michigan, Statement of Principles, Folder 11, Box 59, ACU.

<sup>119</sup> Ron Dear memo re Proposed Constitutional Tax Limitation Amendment in Michigan to ACU Supporters in Michigan, June 11, 1974, Folder 13, Box 59, ACU.

<sup>120</sup> News Release, April 29, 1974, Michigan Drawer, Loose 1974 Papers, LKU. Robert E. Smith, Capitol Report, "Petition Drives Attack Spending, Fast Time," Michigan Farm News, 4, Folder TUTL Clippings 1974, Box 1, TUF.

Amendment, and tax revolt groups, and signed off by noting that he “must make a J.B.S. presentation in two hours” surely referring to the John Birch Society.<sup>121</sup> Over 80 homeowner and taxpayer groups signed up.<sup>122</sup>

These volunteers did not collect enough signatures, and the campaign searched for funds to buy more. As Uhler admitted to a California businessman whose midwestern contacts he hoped to raise money from, corporate funds could not be used for the petition drive under Michigan law.<sup>123</sup> Dr. George Roche, president of the conservative Hillsdale College in western Michigan, fundraised, and deputized his assistant.<sup>124</sup> Even University of Chicago economist Milton Friedman recommended Michiganders to solicit, including business economist Ted Yntema, former Committee for Economic Development researcher and vice-president for finance at Ford Motor Company.<sup>125</sup> While a number of bank, power, manufacturing, insurance, and transportation companies somehow managed to give hundreds of dollars in 1974, the donations that stand out were in the thousands: Amway Corporation (\$3,000), General Motors Corporation (\$5,000), Chrysler Corporation (\$1,500), American Motors Corporation (\$1,000), Federal-Mogul Corporation (\$1,000), The Bendix Corporation (\$1,000), Dow Chemical Company (\$10,000).<sup>126</sup> These Michigan companies were all active members of the U.S. Chamber of Commerce.<sup>127</sup>

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<sup>121</sup> Malcolm W. Dale to William Shaker, December 15, 1973, Folder TUTL Correspondence 1973, Box 1, TUF.

<sup>122</sup> William H. Shaker to Rocket Committee Member.

<sup>123</sup> Lewis K. Uhler to Edwin A. Seipp, June 4, 1974, Michigan Drawer, Michigan Fund-Raising Folder, LKU.

<sup>124</sup> Lewis K. Uhler to Don Lipsett, April 12, 1976; George Roche to Mr. Lewis K. Uhler, May 31, 1974; Lewis K. Uhler to George C. Roche, III, July 2, 1974, Michigan Drawer, Interested People Folder, LKU.

<sup>125</sup> Friedman told Uhler to try an executive from the auto industry, Theodore Yntema, and an economist, Andrew Court. Lewis K. Uhler to Bill Shaker, May 28, 1974.

<sup>126</sup> Untitled donation list from 1974, Box 1, Folder TUTL Finances 1974, TUF.

<sup>127</sup> Amway's chairman served on the Task Force on the Powell Memorandum. Chrysler's lobbyist was on the Special Panel on Multinational Corporations. A General Motors vice president chaired the Tax Committee beginning in 1976. Auto company executives served on many Chamber committees. The chairman and president of Federal-Mogul Corporation served on the Special Committee on Long-Range Tax Policy and Balanced Growth. The Bendix Corporation's Director of Taxes sat on the Chamber's Tax Committee. Membership of National Chamber Committees and Panels, 1970-1976, Box 22, Series I, U.S. Chamber records.



Ultimately, the 1974 Michigan petition campaign fell 110,000 out of 265,000 signatures short.<sup>128</sup> Michigan's Attorney General cleared the way for the next campaign: that summer, he decided Shaker's 155,000 signatures could be used in a 1976 petition drive.<sup>129</sup> Reporting on the tax limitation campaign's successes, Shaker asked his company to decide if it was "in Dow U.S. Area interest to continue this effort" and what his future involvement should be.<sup>130</sup>

In the meantime, Dow hired Uhler to help Shaker deregulate electricity markets in Michigan. While other business backers of the 1974 tax limit turned back to economic education, or "more graphically, 'selling the profits system,'" Dow cut its production costs by lowering electricity prices.<sup>131</sup> With economists including University of Michigan professor and tax limitation supporter Paul McCracken advising, Uhler ran a "Blackout Prevention and Job Development Project" that pushed through 1975 legislation to eliminate public utility status, introduce peakload pricing, and permit insurance.<sup>132</sup>

With Dow's attention elsewhere, the American Conservative Union and American Legislative Exchange Council kept tax limitation on the Michigan agenda. In the spring of 1975, ACU chairman Stan Evans, Uhler's college friend, and a staffer spoke at a one-hundred person rally and testified at a Michigan Senate hearing on a tax limitation bill, "essentially the same as the T.L.A. Petition."<sup>133</sup> When the Conservative Party of Michigan sought to affiliate with the ACU

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<sup>128</sup> *The Michigan Conservative Viewpoint*, undated circa 1973 party publication, Folder 19; Ron Dear memo re Proposed Constitutional Tax Limitation Amendment in Michigan to ACU Supporters in Michigan, June 11, 1974, Folder 13, Box 59, ACU.

<sup>129</sup> "Kelley's opinion clears way for tax ceiling drive," *Midland Daily News*, July 27, 1974, Box 1, Folder TUTL Correspondence 1973, TUF.

<sup>130</sup> Draft report hand-labeled "Tax Limitation," undated, 5, Michigan Drawer, Shaker Folder, LKU.

<sup>131</sup> Kuhlman Fluehr to Dr. Paul McCracken, January 21, 1975, Box 8, Folder Correspondence, 1973, R, PWM.

<sup>132</sup> Lewis K. Uhler to Members of the Blackout Prevention and Job Development Project re Post-Conference Update, May 16, 1975, Box 19, Folder Correspondence, 1973-1976, U, PWM.

<sup>133</sup> Quoted in Norman R. Hughes Bulletin to C.P.M. Members and Friends ahead of May 5, 1975 Michigan Tax Protest Day, Folder 19, Box 59, ACU. ACU Legislative Alert, "Michigan Voters Get Chance to Limit Taxes November 7," October 30, 1978, Folder 20, Box 59, ACU. AP, Demonstration, Petition Drive: Tax Ceiling Proposed," *Lansing State Journal*, May 6, 1975, B-2, Box 1, Folder TUTL Clippings 1975, TUF.

that summer, it offered “assistance to your Legislative Exchange Council.”<sup>134</sup> ALEC had begun as a committee of the ACU. When an early ALEC executive director visited Michigan, the Conservative Party of Michigan contacted twenty-four state legislators, and convinced a western Michigan representative to be the state’s ALEC coordinator, one of forty-six members by 1976.<sup>135</sup> By the next ballot initiative, the ACU had 4,500 financial contributors in Michigan.<sup>136</sup>

### *The 1976 Michigan Loss*

FOR: TAXPAYERS UNITED FOR PROPOSAL C

FROM: McMaster Associates Public Relations  
7th Floor Free Press Building  
Detroit, Michigan 48226  
(313) 961-2620

CONTACT: Bill McMaster or Kathy Cosgrove FOR IMMEDIATE RELEASE

NOTE TO EDITORS:

Schedule of Milton Friedman, Ph.D., noted economist, Newsweek columnist and author is as follows:

Thursday, Oct. 14

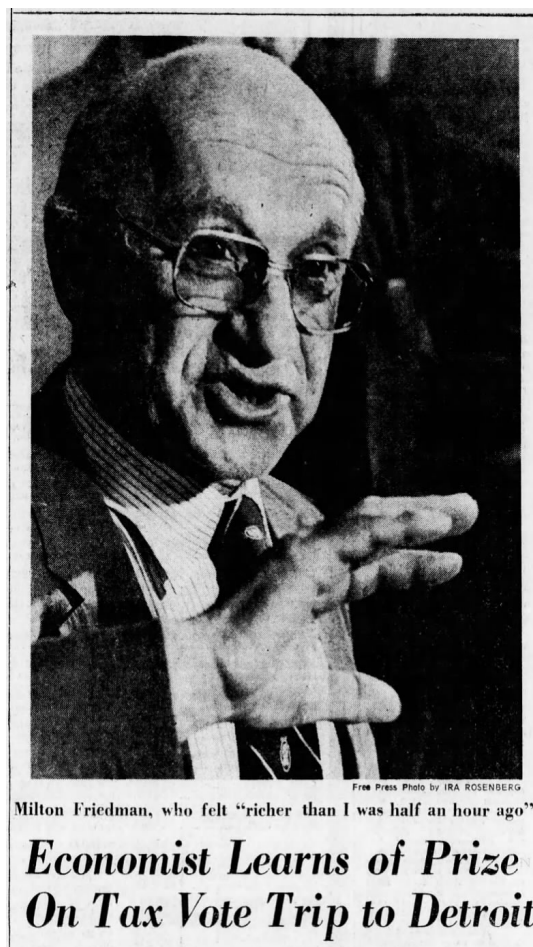
1. Detroit Press Club, 516 Howard St., 9:20-9:55 a.m., Press Briefing on Tax Limitation Amendment (Proposal C on Nov. 2 ballot).
2. Grand Rapids Chamber of Commerce Offices, 17 Fountain St., 12:30-1:00 p.m., Press Briefing on Tax Limitation Amendment.
3. Michigan State University Student Union (Sun Porch Room), East Lansing, 2:30-3:00 p.m., Press Briefing on Tax Limitation Amendment.
4. Bishop Airport (2nd Floor), Flint, 4:15-4:45 p.m., Press Briefing on Tax Limitation Amendment.
5. Southfield Holiday Inn, I-696 and Telegraph, 6:30-7:00 p.m., Press Briefing on Tax Limitation Amendment.

Professor Friedman will be flown in a private plane throughout the day by Bill Rickenbacker, son of Eddie Rickenbacker, famed World War I ace. Bill Rickenbacker will accompany Prof. Friedman to the press briefings.

Sponsor of the activity is Taxpayers United for Proposal C.

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10/13/76



<sup>134</sup> Norman R. Hughes to M. Stanton Evans, June 2, 1975, Folder 11, Box 59, ACU.

<sup>135</sup> Norman R. Hughes, “C.P.M. Member News,” The Michigan Conservative Viewpoint, undated circa 1975 or 76, Folder 19, Box 59, ACU. ALEC 1980 Annual Report, Wilcox Collection of Contemporary Political Movements, The University of Kansas Libraries, Kenneth Spencer Research Library.

<sup>136</sup> To Win An Election a proposal for Taxpayers United from Richard Fitzpatrick, Box 1, Folder TUTL Correspondence 1976, TUF.

Fig. 4: Michigan Drawer, Schedule Folder, LKU. Barry Rohan, "Economist Learns of Prize On Tax Vote Trip to Detroit," *Detroit Free Press*, October 15, 1976, 3.

During the height of the 1976 campaign season, Milton Friedman boldly predicted a "little-noticed" measure on the Michigan ballot would have more impact on the country's future course than who was elected president.<sup>137</sup> Proposal C asked voters to amend the state constitution to limit tax revenues to a fixed share of state income. Friedman traveled to Michigan to campaign for the proposal and was greeted by a crowd of reporters in the parking lot of the Detroit Press Club, presumably the start of a long day of news conferences. A photographer handed Friedman a sheet from the wire service: the University of Chicago economist had won the Nobel Prize. Would Friedman stay to stump or tend to media inquiries? Friedman left the decision up to his hosts from the National Tax Limitation Committee; it took them all of five seconds to request the country's most famous conservative economist stick to the day's scheduled events. Friedman happily obliged as *National Review* editor Bill Rickenbacker personally flew him to speak across the state. Asked why he was so committed to "the cause of constitutional tax-limitation," Friedman replied: "Because *it's our only hope*."<sup>138</sup>

While the NTLC hoped Michigan would be the breakthrough for tax limitation in 1976, the campaign was too important to leave to Michiganders.<sup>139</sup> Uhler managed the campaign from a distance and lived in Michigan on and off, the better to run phone banks and supervise actions.<sup>140</sup> After Taxpayers United held a Lansing luncheon to "kickoff" the new initiative drive in early March, Uhler vetted consultants including the famed political campaign managers at Public Affairs

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<sup>137</sup> Milton Friedman, "After the Elections," *Newsweek*, November 15, 1976.

<sup>138</sup> William F. Uhler and Lewis K. Rickenbacker, *A Taxpayer's Guide to Survival: Constitutional Tax-Limitation* (Briarcliff Manor, N.Y.: National Tax-Limitation Committee, 1977). Milton Friedman and Rose Friedman, *Two Lucky People: Memoirs* (Chicago: The University of Chicago Press, 1998).

<sup>139</sup> Ibid. Human Events, "National Tax Limitation Committee: An Interview with Lewis K. Uhler," *ibid.* (1981).

<sup>140</sup> Lew Uhler, "350,000 Petition Signers for Tax Limitation in Michigan," National Tax Limitation Committee Newsletter vol. 1, no. 2, July 1976, Folder TUTL Proposal C (1) 1976, Box 1, TUF.

Analysts, Inc.<sup>141</sup> F. Clifton White, organizer of the Goldwater grassroots in 1964, agreed to “remain in the background and on a low profile basis” as “outside professional help.”<sup>142</sup> Michigan too had consultants steeped in tax campaigns, including a public relations counselor who had managed corporate urban affairs for Ford Motor Company and worked with the Michigan State Chamber of Commerce to defeat a constitutional amendment to graduate the income tax in 1960.<sup>143</sup>

Whether or not he subcontracted campaign planning, Uhler proposed founding a “Taxpayers United of \_\_\_\_\_ County” in each of Michigan’s twenty largest counties to “be the local level operational vehicle for the campaign.”<sup>144</sup> In June, a township supervisor and a labor leader lead twenty county groups in protesting property taxes at the state capital; by the end of the summer, they held a conference on the conservative western shore of Michigan, in Grand Rapids.<sup>145</sup> Analyzing Republican registrations, votes on comparable issues, including apparently, the 1972 presidential candidacy of George Wallace, and property taxes, Uhler had selected twenty counties in which to base the campaign.<sup>146</sup> Organized together as a Taxpayers Federation, these groups surely followed Uhler’s campaign outline. The “overriding need” in Uhler’s estimation was “to make the people resistant to the lies and scare tactics of the opposition.”<sup>147</sup> Motivational research should influence the media message that would immunize voters. Every word mattered:

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<sup>141</sup> Remarks of Lewis K. Uhler, President, National Tax Limitation Committee, Delivered at the Tax Limitation Initiative Drive Kickoff Luncheon, Lansing, Michigan, March 2, 1976, Sponsored by Taxpayers United of Michigan, Box 19, Correspondence, 1976, P (Miscellaneous), PWM.

<sup>142</sup> These consultants were Martin R. Haley and F. Clifton White. Joe P. Johnson to Lewis K. Uhler, May 6, 1976, 5, Michigan Drawer, Michigan Folder, LKU.

<sup>143</sup> “A career profile of John L. Denman, public relations counselor,” August 11, 1976, Folder TUTL Correspondence 1976, Box 1, TUF.

<sup>144</sup> LKU, Campaign Outline for Michigan Draft August 23, 1976, Box 1, Folder TUTL Correspondence 1976, TUF.

<sup>145</sup> Joel Welty of Barry County and Jim Rice. Unlabeled document, July 22, 1980, Box 5, Taxpayers United Federation, Inc. Organization Information, TUF.

<sup>146</sup> LKU, Campaign Outline for Michigan Draft August 23, 1976, Folder TUTL Correspondence 1976, Box 1, TUF.

<sup>147</sup> Ibid.

when Shaker approached petition signers, he found if he “said anything to them about limiting spending that scared them away.”<sup>148</sup>

Uhler used commitments from businesses like Amway and Dow as collateral for a loan from Joe Coors. Pledges secured by June, Uhler asked Coors for a \$10,000 loan to keep the “hired hands” gathering signatures from Manpower, Inc. “in the field continuously.”<sup>149</sup> Coors, the scion of the Colorado brewing company who had recently founded the Heritage Foundation in Washington, D.C., hoped to bring tax limitation to Colorado. The example of a prominent conservative businessman personally lending money to pay temp workers to collect ballot initiative petition signatures suggests the ways tax limit campaigns benefitted the bottom line by reducing business expenses for some and increasing revenue for others.

While taxpayers’ organizations, the Michigan Association of Realtors, the National Federation of Independent Businesses, and Amway helped collect 350,000 authorizing petition signatures, Taxpayers United again hired Kelly Services and Manpower, Inc.<sup>150</sup> During one week in which Uhler kept count, realtors brought in 12,788 signatures and Manpower, Inc. 7,500.<sup>151</sup> At one point, the Teamsters, just about the only labor union to support tax limitation, collected 3,000 signatures.<sup>152</sup> The petition needed 300,000 signatures to qualify the constitutional amendment for the ballot. However, the temp agencies would only release signatures when their bills were paid. Uhler, whose secretary was “no more systematic” than he, was notorious for sending late payments.<sup>153</sup> However it happened, the tax limit qualified for the ballot as Proposal C.

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<sup>148</sup> Taxpayers United August 31, 1976 meeting minutes, Folder TUTL Finances 1976, Box 1, TUF.

<sup>149</sup> Lewis K. Uhler to Joe Coors, June 1, 1976, 2, Michigan Drawer, Michigan Fund-Raising Folder, LKU.

<sup>150</sup> Lew Uhler, “350,000 Petition Signers for Tax Limitation in Michigan,” National Tax Limitation Committee Newsletter vol. 1, no. 2, July 1976, Folder TUTL Proposal C (1) 1976, Box 1, TUF.

<sup>151</sup> Hand-written notes beginning “1) Whirlpool,” undated, Michigan Drawer, Campaign Strategy Folder, LKU.

<sup>152</sup> Hand-written notes beginning “TL-Michigan,” undated, Michigan Drawer, Campaign Strategy Folder, LKU.

<sup>153</sup>

Michigan conservatives constructed a grassroots image for their professionally designed campaign. After, Taxpayers United boasted it had 20,000 petition circulators, 2,500 financial supporters, and two hundred chairman or coordinators of grassroots organizations.<sup>154</sup> However, when calculating direct mail costs, Uhler estimated there were “10,000+” circulators.<sup>155</sup> Richard Viguerie turned down the direct mail account, and Taxpayers United later bought its own mailing lists—Conservative Republican Contributors, Inflation Survival Actives, Right to Work Poll Respondees, *Human Events* subscribers.<sup>156</sup> Wayne Klein Communications placed op-eds and arranged interviews for Friedman, among others.<sup>157</sup> After a competitive search, Taxpayers United hired advertiser Alan Baldrige of Bloomingdale, IL to draft a professional brochure to look like an amateur sketch.<sup>158</sup> By contrast, when the Michigan Education Association mailed its publication *Teacher’s Voice* to members, its cartoon critique of Proposal C campaign materials was actually clumsily-drawn.

The difference between public and private presentation shaped campaign strategy. While House Democratic staffers were aware of some individual tax limiters, and their inspiration in California’s Proposition 1, seeing the press releases, photos, and conferences, they thought Proposal C’s Michigan origins were in the House of Representatives’ Republican caucus.<sup>159</sup> A Taxpayers United press release named Mrs. Flora Whan as “The Birmingham, Michigan,

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<sup>154</sup> William H. Shaker, “Track Record” Attachment B to “Proposal” to unite tax groups, December 20, 1976, Michigan Drawer, Loose 1976 Papers, LKU.

<sup>155</sup> “Campaign Costs,” undated, Michigan Drawer, Campaign Strategy Folder, LKU.

<sup>156</sup> Mary Elizabeth Lewis to J. Alan Baldrige, September 24, 1976, Michigan Drawer, Schedule Folder; Stephen Winchell & Associates, Inc., Invoice No. 412, October 29, 1976; Invoice No. 101, November 12, 1976, Michigan Drawer, Loose 1976 Papers, LKU. Michael Conlin to Richard Viguerie, undated, Box 1, Folder TUTL Proposal C (1) 1976, TUF.

<sup>157</sup> Wayne Klein to Thomas Limmer, October 11, 1976, Michigan Drawer, Schedule Folder, LKU.

<sup>158</sup> Alan Baldrige, Michigan Taxpayers United General Brochure Draft, Michigan Taxpayers United General Brochure Draft, Box 1, Folder TUTL Proposal C (1) 1976, TUF. Michigan Drawer, Loose 1976 papers, “Your chance to put a lid on taxes” brochure, LKU.

<sup>159</sup> Background Paper: Proposed 8.3% Tax Limitation Amendment; Bill Shaker to Lew Uhler, August 12, 1976, Michigan Drawer, Michigan (3) Folder, LKU.

grandmother heading the grassroots Taxpayers United for Proposal C” when Dow Chemical Co. executive Bill Shaker was in charge behind the scenes.<sup>160</sup>

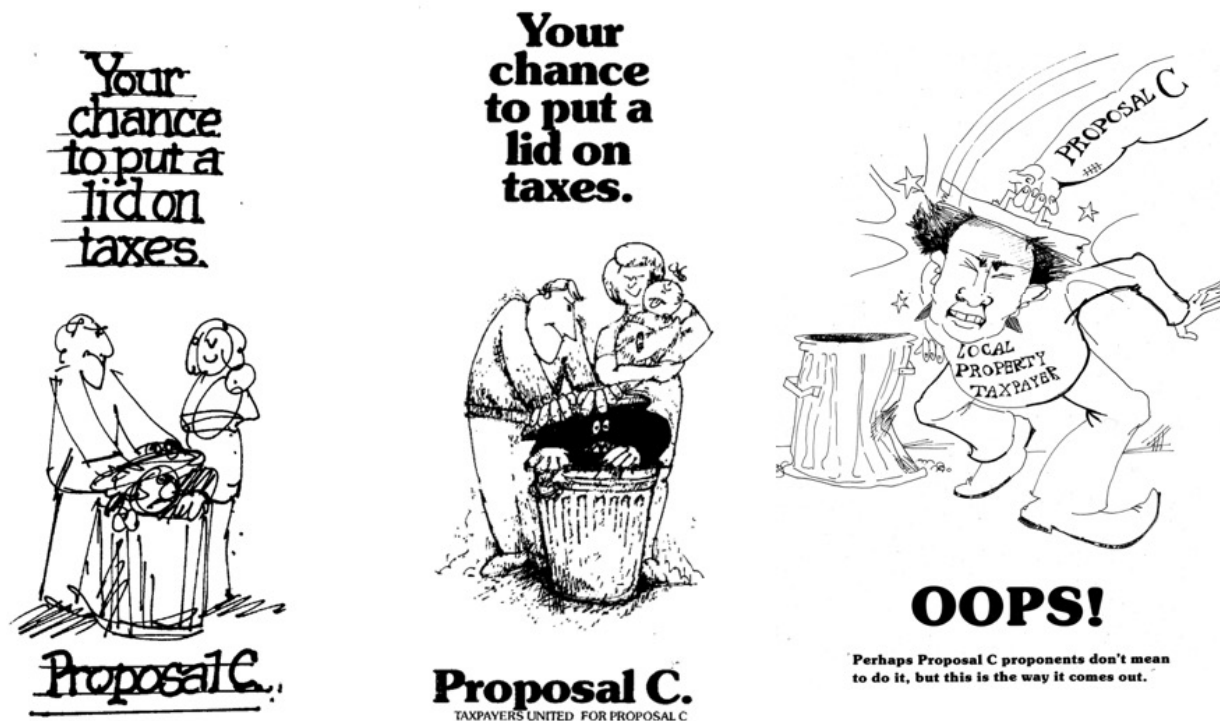


Fig. 5: Alan Baldrige’s brochure draft on the left; the Proposal C brochure center; the MEA’s cartoon on the right.<sup>161</sup>

Uhler relied on the Michigan State Chamber of Commerce president to organize businesses. With a Democratic legislature and a moderate Republican governor, business associations had felt forced to accede to a single business tax, but were able to structure it like a value-added tax that corporations could pass on to consumers. Dow Chemical Company lobbyist Bill Shaker had approached the Michigan businessman and former president of the Junior Chamber of Commerce, Richard Headlee, to be “front man” for the 1976 Michigan tax limit campaign, but

<sup>160</sup> Bill McMaster, Press release beginning “Based on the judgment of Judge Jack W. Warren”, Undated, Promotional Material for “Headlee Amendment”: Taxpayers United 1977-1978 Folder, Box 1, RHH.

<sup>161</sup> Alan Baldrige, Michigan Taxpayers United General Brochure Draft, Folder TUTL Proposal C (1) 1976, Box 1, TUF. MEA, *Teacher’s Voice*, <>.

Headlee would not say yes for another year.<sup>162</sup> When the Chamber asked Uhler for advice on permissible “corporate contributions and activities,” the NTLC commissioned an opinion from a Lansing, MI attorney known as a political fixer.<sup>163</sup>

The Michigan State Chamber of Commerce recommended a budget of \$350,000 for media, and \$332,000 more for printing, polling, public relations, and advocacy.<sup>164</sup> Since the spring, Uhler had been fundraising from out-of-state donors, and from Michigan businessmen who the state Chamber of Commerce introduced him to.<sup>165</sup> Donors introduced tax limiters to potential donors. An insurer hosted a dinner with Uhler, Rickenbacker, and Niskanen.<sup>166</sup> Shaker met Justin Dart of Southfield, MI’s Dart Industries at luncheon at Pepperdine University, and appealed to their shared support of Ronald Reagan.<sup>167</sup> Elsewhere in Michigan, Shaker met with Saginaw Steering Gear and Benton Harbor’s Whirlpool Corporation. Uhler and Hillsdale College president George Roche co-chaired a fundraising campaign advised by a professional firm, which netted dozens of individual donations, some in cash.<sup>168</sup> Hoping to encourage General Motors and Ford Motor Company to deduct donations, the Chamber launched an “educational fund” and fundraised at a private Detroit club with the retired president of the utility company Detroit Edison as host.<sup>169</sup> Uhler hoped Ford would follow GM in donating, but even Ford’s Chief Economist, the NTLC board member Bill Niskanen, could not persuade the car company.

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<sup>162</sup> Headlee, a Mormon, had a relationship with Michigan politician George Romney. Adams, *Secrets of the Tax Revolt*.

<sup>163</sup> Richard McClellan was the Lew Uhler of Michigan. Jim Barrett to Lewis K. Uhler, December 5, 1975; John S. Fattorini, Jr. to James Barrett, January 14, 1976, Michigan Drawer, Supporters Folder, LKU.

<sup>164</sup> Craig Halverson to William Shaker, February 11, 1976, Box 1, Folder TUTL Finances 1976, TUF.

<sup>165</sup> Lewis K. Uhler to Donald A. Redman, May 7, 1976, Michigan Drawer, Interested People Folder, LKU.

<sup>166</sup> Ned S. Arbury letter, September 3, 1976, Folder TUTL Correspondence 1976, Box 1, TUF.

<sup>167</sup> William H. Shaker to Justin Dart, Folder TUTL Finances 1976, Box 1, TUF.

<sup>168</sup> Alan Baldrige advised the campaign. William H. Shaker to Richard Thune, September 24, 1976, Box 1, Folder TUTL Finances 1976. Taxpayers United August 31, 1976 meeting minutes, Box 1, Folder TUTL Finances 1976, TUF.

<sup>169</sup> Taxpayers United August 31, 1976 meeting minutes, Box 1, Folder TUTL Finances 1976, TUF.



With the Michigan State Chamber of Commerce out front, the Michigan Manufacturers Association quietly alerted its members when tax limitation qualified for the 1976 ballot, and shared the organization's "How Much Is Enough?" brochure.<sup>170</sup> The National Association of Manufacturers had an agreement not to "'touch' state issues" but promised the Michigan tax limitation campaign they would "go to work on MMA along the lines we discussed w/" an intermediary, and named one Detroit business to contact.<sup>171</sup> The result was a dry pro and con mailing similar to the association's briefs on other ballot initiatives.<sup>172</sup> Individual manufacturers like the Kuhlman Corporation mailed pro-tax limitation material to their employees and stockholders, and to fellow businesses like the Manufacturers National Bank of Detroit.<sup>173</sup> The newspaperman in charge of the Panax Corporation gave \$5,000 in cash, and printed the petition for his 500,000 Michigan readers.<sup>174</sup>

Cheekily, the vote no campaign suggested that the Michigan State Chamber of Commerce could "hold down state expenditures" through "full employment opportunities which will reduce welfare costs and unemployment costs and crime costs and will reduce government employment."<sup>175</sup>

As in California, tax limiters minimized the importance of the general interest group the League of Women Voters, which ran the opposition coalition, Michigan Taxpayers Voting 'No'

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<sup>170</sup> MMA Memo, July 19, 1976, Box 5, Mailings 1976 Binder, Michigan Manufacturers Association records, Bentley Historical Library, University of Michigan hereafter MMA.

<sup>171</sup> Jas A. Heller. Notes beginning "Dear Lew," October 7, 1976, Box 1, Folder TUTL Correspondence 1976, TUF.

<sup>172</sup> "Ballot Issue: Proposal C," MMA Lansing Letter, undated, Box 5, Mailings 1976 Binder, MMA.

<sup>173</sup> Arthur Kaufmann to Stockholder, October 11, 1976, Michigan Drawer, Schedule Folder, LKU. Kuhlman Fluehr to Dean Richardson, October 14, 1976, Box 1, Folder TUTL Correspondence 1976, TUF.

<sup>174</sup> William H. Shaker to John McGoff, June 1, 1976, Shaker Folder; Lewis K. Uhler to Joe Coors, June 1, 1976, 2, Michigan Drawer, Michigan Fund-Raising Folder, LKU.

<sup>175</sup> "How to Hold Down State Expenditures," undated, Box 39, Folder 25, Michigan Federation of Teachers, Archives of Labor and Urban Affairs, Wayne State University, Detroit, MI hereafter MFT.

on Proposal C.<sup>176</sup> Six weeks before the election, the League called 135 organizations to a “meeting to work for the defeat of Proposal C.”<sup>177</sup> The League opposed Proposal C’s constitutional restrictions on the Legislature’s “broad and fundamental taxing power.”<sup>178</sup> A frequent lobbyist on education and environmental bills, the League felt representative government worked for it and the organizations whose leaders chaired No on C subcommittees including the Michigan Catholic Conference, the Michigan Education Association (MEA), and the American Association of University Women.<sup>179</sup> University of Michigan public finance economist Harvey Brazer spoke at No on C press conferences across the state.<sup>180</sup>

In addition to distributing buttons, bumper stickers, and brochures, and communicating through letters to the editor, press conferences, and public speeches, the League’s coalition broadcast radio spots on 72 stations, and hired a survey firm to adjust the message going forward.<sup>181</sup> The ads were recorded by white and Black and male and female announcers, and as in California, local coalition members could pay to air them.<sup>182</sup> To start, the No on C coalition warned that police, prison, mental health, hospital, and school budgets would be cut, and that vulnerable populations would lose their property tax breaks. Retired teachers were urged to vote no.<sup>183</sup> The 169 people who attended Speakers Bureau seminars in late September and early

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<sup>176</sup> Michigan Taxpayers Voting “No” on Proposal C: Correspondence: Organizational Plan, 1976, Box 1, Charlotte Copp papers, 1976-1995, Bentley Historical Library, University of Michigan.

<sup>177</sup> “Voice analysis: ‘C’ sounds good, but...,” *Teacher’s Voice*, September 30, 1976, 2. “RA thanks Proposal C opponents,” *Teacher’s Voice*, November 15, 1976, 3.

<sup>178</sup> League of Women Voters of Michigan, “November ’76—Ballot Issues,” *Legislative News*, September 10, 1976, Box <>, Legislative News 1972-1976, League of Women Voters of Michigan, Bentley Historical Library, University of Michigan hereafter LWVM.

<sup>179</sup> Untitled newsletter beginning “This is the first of a series,” October 4, 1976, Box 39, Folder 25, MFT.

<sup>180</sup> Liz Kummer to State Coordinating Committee MTVN, October 4, 1976, Box 39, Folder 25, MFT.

<sup>181</sup> Liz Kummer to State Coordinating Committee, MTVNOC, September 27, 1976, Box 39, Folder 25, MFT.

<sup>182</sup> George C. Brown Memo, September 24, 1976, Box 39, Folder 25, MFT.

<sup>183</sup> Retirement Coordinating Council News for Michigan Public School Employees, “RCC Unanimously Supports A No Vote on Proposal C,” 1976, Box 39, Folder 25, MFT.

October were urged to “avoid government-school conflicts as well as beaurocracy (sp) vs. taxpayer in their presentations.”<sup>184</sup>

As teachers saw it, school finance reform and tax limitation were in conflict by design. MEA members saw Proposal C as “a threat” to programs and salaries, which depended on “a fair, flexible system of state taxes and finances.”<sup>185</sup> After the *Detroit Board of Education v. State of Michigan* case in 1968, the state had assumed more school costs as the threat of school finance reform opened wallets. However, strapped for cash, Governor Milliken issued executive orders reducing education funding in 1976.<sup>186</sup> Thus, the 1976 spending levels Proposal C locked in could not finance the state’s programs. When the Detroit Federation of Teachers urged its members to vote no on Proposal C, it argued the limit would shift school finance back to regressive local taxes on property.<sup>187</sup> The Michigan Federation of Teachers worried that, since public schools were the only state program with local revenue sources, Proposal C would lead to tuition increases or programs cuts in communities that could not pass property tax millages. As Michigan’s state superintendent observed, producers like teachers could not tax consumers like property owners without the consumer’s approval. Since enrollments were declining, but costs accelerating, this was an untenable position.<sup>188</sup>

Teachers were effective communicators with direct stakes—the ideal campaigners—but they were divided into two unions. Only four years before, the AFT and NEA state affiliates had split over whether to ask businesses with property wealth, or individuals with high incomes, to pay

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<sup>184</sup> Untitled newsletter beginning “This is the first of a series,” October 4, 1976, 2; Liz Kummer to State Coordinating Committee, MTVNOC, October 14, 1976, Box 39, Folder 25, MFT.

<sup>185</sup> MEA Executive Director Herman Coleman quoted in McDiarmid, “MEA takes full credit.”

<sup>186</sup> Untitled document beginning “Before the voters,” undated, Box 39, Folder 25, MFT.

<sup>187</sup> “Proposal C masquerades as boon to taxpayers,” *The Detroit Teacher* 36 (4), October 27, 1976, 5.

<sup>188</sup> “State School Chief Opposes Proposal C,” October 27, 1976, *The Detroit Teacher*, 7, Box 168, Folder The Detroit Teacher 1976, AFT Publications, Archives of Labor and Urban Affairs, Wayne State University, Detroit, MI hereafter cited as *The Detroit Teacher*.

more for schools. As the 1976 election approached, the two teachers' unions again diverged over the labor movement's latest proposal for who should pay. In 1976, another tax proposal was on the ballot: the Michigan Citizens Lobby which had two years earlier exempted food and drugs from the sales tax proposed to graduate the state's income tax, raising rates on incomes above \$20,000 and dropping them from 4.6 to 3.9 percent on incomes below.<sup>189</sup> The League of Women Voters, as it had during the 1972 election, took a "neutral stand" on this proposal to graduate the income tax.<sup>190</sup> The state's largest AFT local, the Detroit Federation of Teachers, was focused on passing a routine millage to keep city schools open after years of fiscal crisis.<sup>191</sup>

Teachers did cooperate to stop Proposal C. The Michigan Federation of Teachers distributed the League coalition's research and campaign materials, written by the MEA public affairs director, to presidents of AFT locals.<sup>192</sup> When the MEA public affairs director turned up a copy of California political consultancy Whitaker & Baxter's report on the California Teachers Association's 1973 anti-Proposition 1 campaign, the Michigan Federation of Teachers received a copy too.<sup>193</sup>

While public employee union members went door-to-door for reasons both personal and professional, independent contractors from Amway canvassed for the free market. Taxpayers United had its own supply of "bodies:" a former Reagan gubernatorial appointee and Amway Corporation lobbyist on the tax organization's Steering Committee offered the services of 5,000 to 8,000 active, part-time Amway distributors.<sup>194</sup> Part of the direct-selling company's mission to

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<sup>189</sup> "Ballot Issue: Proposal D," MMA Lansing Letter, undated, Box 5, Mailings 1976 Binder, MMA.

<sup>190</sup> League of Women Voters of Michigan, "November '76—Ballot Issues," *Legislative News*, September 10, 1976, Box <, Legislative News 1972-1976, LWVM.

<sup>191</sup> Mary Ellen Riordan, "Go all out for millage!" *The Detroit Teacher*, October 13, 1976, 2.

<sup>192</sup> Henry B. Linne to Local President, October 8, 1976, Box 39, Folder 25, MFT.

<sup>193</sup> Whitaker & Baxter, "The 1973 Campaign Against Proposition No. 1" stamped "MEA—Public Affairs Division," Box 39, Folder 25, MFT.

<sup>194</sup> Noel Black Obituary, *Grand Rapids Press*, October 12, 2017, <.

promote the American Way was to preserve the free enterprise system. Management theorist Peter Drucker and economists Bill Niskanen, Paul McCracken, and Milton Friedman recorded messages of support for tax limitation, which Amway distributors played at “in-house” gatherings.<sup>195</sup>

Realtors also reached voters in their homes. A California realtor wrote Uhler a campaign manual transforming the “farm system” realtors used to cultivate clients into political territory to “educate, inform, and persuade” homeowners to vote for tax limitation.<sup>196</sup> “One-to-One contact” would benefit both the campaign, which could gauge support, and the realtors, “through proven dollar return from client relationships that are developed.”<sup>197</sup> The chairman of the Michigan Association of Realtors’ Political Action Committee claimed that “many members found that the petition opened the door to listings and sales.”<sup>198</sup> The proposed program, scheduled to begin two months before the election, planned two in-person canvasses, and one phone bank.<sup>199</sup> The Michigan Association of Realtors hosted a meeting of tax limitation supporters, including representatives from the Michigan Merchants Council, the Michigan State Chamber of Commerce, the Michigan State Grange, Panax Corp, and Hillsdale College.<sup>200</sup> At the association’s annual business meeting a month before the election, Michigan realtors heard a program on the “Tax Limitation Campaign.”<sup>201</sup>

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<sup>195</sup> Bill Shaker to Bill Niskanen, undated, Michigan Drawer, Michigan Schedule Folder, LKU. Bill Shaker to Paul McCracken, September 22, 1976, Box 19, Correspondence, 1976, P (Miscellaneous), PWM.

<sup>196</sup> Michigan Realtors Tax Limitation Program Draft, August 20, 1976; Lewis K. Uhler to Sandi Buschmann, August 3, 1976; Sandi Buschmann to Lewis K. Uhler, July 16, 1976, Michigan Drawer, Realtors Program Folder, LKU.

<sup>197</sup> Unsigned, undated draft realtors program beginning “Purpose,” Michigan Drawer, Realtors Program Folder, LKU.

<sup>198</sup> Romayne Hicks, “Tax Limitation Amendment,” *Michigan Realtor*, September 1976, 6, Box 39, Folder 25, MFT.

<sup>199</sup> Michigan Realtors Tax Limitation Program Draft.

<sup>200</sup> Bill Shaker to Tax Limitation Campaign Committee, undated circa August 31, 1976, Folder TUTL Finances 1976, Box 1, TUF.

<sup>201</sup> Michigan Association of Realtors, Fall Quarterly and Annual Business Meeting Program, October 6-9, 1976, Michigan Drawer, Loose 1976 Papers, LKU.

Unlike in California, the Republican governor joined with public employees to campaign against tax limitation. In the spring, Governor Milliken had declared a new “Age of Limits” in which government wisely managed limited natural and financial resources.<sup>202</sup> However, he did not support tax limitation in 1976. Various public institutions distributed anti-Proposal C material: the Office of Services to the Aging to retirees, Michigan State University to parents and students, the suburban Detroit Ferndale school district to parents.<sup>203</sup> A Detroit newspaper even charged that the moderate Republican governor sent state employees on state time to “spread ‘vote no’ messages into the hustings.”<sup>204</sup> Indeed, like the teachers, Governor Milliken, who pre-emptively sued his state treasurer to ward off another school finance lawsuit two years before, feared Proposal C would reverse the state’s assumption of local tax burdens.<sup>205</sup> Two legislators unsuccessfully filed suit to keep the amendment off the ballot, arguing that it should be considered at a constitutional conventional instead.

Michigan’s Attorney General had not permitted corporate spending on ballot initiative campaigns until the end of July, too late to purchase “(g)ood television time spots” and counter opposition advertisements and mailings. At the end of August, Uhler had warned that the “overriding need” was to inoculate or immunize voters from the “lies and scare tactics of the opposition.”<sup>206</sup> Tax limiters objected to one opposition advertisement in particular:

Would you vote to reduce your state police force? Would you vote to limit the number of prisoners the state will accept? Would you vote to eliminate property tax credits for senior citizens, farmers, the handicapped? Well, that’s what supporters of Proposal C, the so-

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<sup>202</sup> Milliken address to Michigan Efficiency Task Force, March 30, 1976 in “Improving Local Government Fiscal Management: Action Guidelines for Business Executives,” 11, 1979, Pamphlets I-L Folder, Box 66, Series IV, U. S. Chamber records.

<sup>203</sup> William Shaker to Taxpayers United Advisory Committee and Friends, “Proposal C: The Opponents, The Advocates, The Future—A Preliminary Analysis,” November 17, 1976, Box 1, Folder TUTL Correspondence 1976, TUF.

<sup>204</sup> Hugh McDiarmid, “MEA takes full credit for defeat of spending limit,” *Detroit Free Press*, November 4, 1976. “Teachers do it!” *Teacher’s Voice*, November 15, 1976, 1.

<sup>205</sup> Executive Office Press Release, September 12, 1976, Box 39, Folder 25, MFT.

<sup>206</sup> LKU, Campaign Outline for Michigan Draft August 23, 1976, Box 1, Folder TUTL Correspondence 1976, TUF.

called tax limitation amendment are asking you to do. Don't be deceived by this hidden tax shift to higher property taxes. Vote NO on Proposal C. Paid for by Michigan Taxpayers Voting No on Proposal C.<sup>207</sup>

Citing the Federal Communications Commission's fairness doctrine, Taxpayers United sent cease and desist letters to newspapers and radio and TV stations demanding they stop printing and broadcasting deceptive and misleading advertising. When Taxpayers United unsuccessfully requested an injunction against the ad, the California-based Pacific Legal Foundation represented the group pro bono.<sup>208</sup> Shaker described the firm as one that did "public interest work but along the free-enterprise line."<sup>209</sup> Considering the MEA's Court of Appeals counsel would cost \$150,000, the in-kind donation to tax limitation was significant. A Detroit judge ruled that the MEA's ads were misleading and inaccurate but protected by the first amendment.

In both California and Michigan, polls showed strong support for tax limitation until the waning days of the campaigns, when television and radio ads forced voters to consider whether they could get something for nothing. The NTLC faulted "the vicious techniques of the public sector special interest groups" whose \$500,000 investment in radio, television, and newspaper advertisements Taxpayers United ran out of money to counter.<sup>210</sup> Fewer voters approved Michigan's 1976 Proposal C than California's Proposition 1. In Michigan as in California three years before, "the representatives of teachers' unions and the AFT...were mainly responsible for

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<sup>207</sup> Bill McMaster, Press release beginning "Based on the judgment of Judge Jack W. Warren", undated, Promotional Material for "Headlee Amendment": Taxpayers United 1977-1978 Folder, Box 1, RHH.

<sup>208</sup> State representative William Ryan of Detroit and State Director of Management and Budget Dr. Gerald Miller testified that the claims were accurate. No On C Press Release, Challenge to Proposal C Advertising Thrown Out of Ingham County Court, October 30, 1976, Box 1, Charlotte Copp papers, Bentley. Taxpayers United August 31, 1976 meeting minutes, 3, Box 1, Folder TUTL Finances 1976, TUF.

<sup>209</sup> Taxpayers United August 31, 1976 meeting minutes, Folder TUTL Finances 1976, Box 1, TUF.

<sup>210</sup> Kuttner, *Revolt of the Haves*.

the propaganda” that turned two-thirds majority support into a narrow loss.<sup>211</sup> Talking with legislators around the country, Milton Friedman claimed this “media blitz is what killed it.”<sup>212</sup>

Tax limiters blamed one interest group for their Michigan defeat with less than 43 percent of the vote: teachers. In a press release Taxpayers United weaponized gender, quoting one of the group’s few female leaders, identified as a mother and grandmother, to attack the Michigan Education Association as a backer of the objectionable ad.<sup>213</sup> Detroit newspapers attributed the defeat to teachers’ last-minute television spots arguing Prop C would raise local taxes.<sup>214</sup> The lesson the University of Chicago professor taught was to “organize the ground root understanding” of tax limitation.<sup>215</sup> First, the University of Michigan economist Paul McCracken vented to Bill Niskanen, then the Ford Motor Company’s chief economist. McCracken found “poetic justice” in the “education industry’s frantic effort to defeat” a measure which he thought would have strengthened the economy, and education.<sup>216</sup>

As part of a project for McCracken, economist Steve Mariotti found only government employees, people in densely populated areas, and homeowners voted in their economic self-interests on Proposal C.<sup>217</sup> The effect was relatively small, though, and income, race, welfare and education funding had no predictive power. Mariotti’s regression analysis revealed similar results

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<sup>211</sup> Telephone Conference by Dr. Milton Friedman with the Spending Limit Committee, September 15, 1977, unnumbered, Folder 4, Box 19, David Y. Copeland, III Papers, Chattanooga Public Library hereafter Copeland papers.

<sup>212</sup> Telephone Conference by Dr. Milton Friedman, September 15, 1977.

<sup>213</sup> McMaster Associates Public Relations, “Grandmother Heading Taxpayers United for Proposal C Angry Over Mich. Education Assn. Ads,” Michigan Drawer, Michigan (3) Folder, LKU.

<sup>214</sup> Hugh McDiarmid, “MEA takes full credit for defeat of spending limit,” *Detroit Free Press*, November 4, 1976. “Teachers do it!” *Teacher’s Voice*, November 15, 1976, 1.

<sup>215</sup> *Ibid.*, unnumbered.

<sup>216</sup> Paul W. McCracken to Mr. William A. Niskanen, November 17, 1976, Box 18, Folder Correspondence, 1975-1976, N, PWM.

<sup>217</sup> In a footnote Mariotti explained the paper was “part of a project written for Paul W. McCracken at the University of Michigan’s Graduate School of Business Administration.” Mariotti thanked Edward Mitchell and Bill Niskanen for their advice and encouragement. Steve Mariotti, “An economic analysis of the voting on Michigan’s tax and expenditure limitation amendment,” *Public Choice* 33, no. 3 (1978): 15-26.



as did later political science work but was packaged in the language of the free rider problem—Michigan’s increased state spending was a result of special interest lobbying for concentrated and well-defined benefits with diffuse and generalized costs. Publishing in the journal *Public Choice*, Mariotti referenced public choice theorists Gordon Tullock and James Buchanan, and Austrian school theorists Ludwig von Mises and Murray Rothbard. Mariotti offered these results to guide “campaign strategies (for) both opponents and proponents of future tax and expenditure limitation initiatives.”

Analyzing the conditions for a victory in 1978, Shaker judged large funding commitments and professional staff from the start, in addition to keeping the idea of tax limitation in circulation, were necessary. Shaker insisted a voluntary tax organization could not “run an effective campaign against the heavily funded monolithic education lobby.”<sup>218</sup> When Taxpayers United relaunched, a labor-relations manager for an agricultural equipment manufacturer was the professional executive director.<sup>219</sup> The \$233,000 the MEA spent was a little more than a third of the amount the Michigan State Chamber had budgeted but not raised for the pro-campaign; by the next election fundraisers met their goals.<sup>220</sup> As stagflation accelerated, conservative infrastructure strengthened, the labor movement weakened, and a Tennessee tax limitation campaign succeeded, Michigan prepared to try again.

## Conclusion

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<sup>218</sup> William Shaker to Taxpayers United Advisory Committee and Friends, “Proposal C: The Opponents, The Advocates, The Future—A Preliminary Analysis,” November 17, 1976, 5, Box 1, Folder TUTL Correspondence 1976, TUF.

<sup>219</sup> Massey Ferguson. Bill Hanson. `Sheldon D. Engelmayer and Robert J. Wagman, *The Taxpayer's Guide to Effective Tax Revolt* (New York: Dale Books, 1978).

<sup>220</sup> Some newspapers put this figure at \$228,000 but the MEA reported the higher number to its members.

The national debt clock, a more famous cultural object than the spending clock, would not debut in New York's Times Square until the late 1980s. Our era of government shutdowns is based in the earlier countdown, in spending limits as much as debt limits. Borrowing as well as cutting could fill budget holes.<sup>221</sup> During the 1970s, the refusal to tax and spend created demand for debt during the worst inflation of the American century. To lower interest rates on new debt, state legislatures and voters imposed constitutional limits on taxing and spending. In states like Tennessee where usury clauses set interest rates on public debt, political pressure to raise interest rates opened the state constitution to revision, leading to the first state limit in March 1978. While tax limits date to the 1870s, limits on how much governments could spend, which would invariably limit how much they could tax, first shaped constitutions a century later. By sociologist Isaac William Martin's count, twenty states had passed statutory or constitutional limits on budget growth by the end of the 1980s.<sup>222</sup>

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<sup>221</sup> I suggest that fiscal policy as well as decisions by finance, insurance, industry, and municipal leaders drove the creation of financial products during the 1970s that some scholars call financialization. See Greta Krippner and Judith Stein. This is a different origin story than a wave of recent scholarship rooted in racial capitalism by, for example, Bench Ansfeld and Destin Jenkins.

<sup>222</sup> Isaac William Martin, *The Permanent Tax Revolt: How the Property Tax Transformed American Politics* (Stanford, CA: Stanford University Press, 2008).

## Ch. 8 Victory in the States

After losses in California in 1973 and in Michigan in 1974 and 1976, campaigners for constitutional limits on taxing and spending began to win in Tennessee in 1978. The low-spending south seemed an unlikely place to start a tax revolt. Ranking last among states with six percent of personal income going to state and local taxes in the mid-1970s, Tennessee constitutionally banned taxing income from wages.<sup>1</sup> California by contrast spent nearly twice as much as a percent of personal income and had taxed income since the early 1930s. Economic growth kept taxes low in Tennessee, and Sunbelt migration promised more expansion.<sup>2</sup> Worries were about the rate of state government growth. Once the Tennessee budget breached \$1 billion, within a few years, it approached \$3 billion. The state's second largest source of revenue was federal aid, and the programs it funded off limits.<sup>3</sup> The Tennessee Education Association, the National Education Association affiliate in the right-to-work state, regularly secured about half of any tax revenue increases for education.<sup>4</sup> Recently, state legislators had passed budgets without specifying funding sources and the Democratic governor campaigned to permit income taxes.<sup>5</sup> The governor vetoed a non-binding 1976 referendum passed by the legislature: should there be constitutional tax limitation in Tennessee?<sup>6</sup> However, the governor could not veto a constitutional convention.

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<sup>1</sup> According to the U.S. Statistical Abstract. Tennessee Municipal League Testimony of Dr. Ed Young Before the Limitations on State Spending Committee, Tennessee Constitutional Convention, August 24, 1977, Folder 2, Box 18, Copeland papers. 6 percent figure from 1974-75 referenced in Telephone Conference by Dr. Milton Friedman with the Spending Limit Committee, September 15, 1977, unnumbered, Folder 4, Box 19, Copeland papers.

<sup>2</sup> Summary of Statement by Lewis Oliver Before Spending Limit Committee with Questions and Answers, September 27, 1977, Folder 2, Box 18, Copeland papers.

<sup>3</sup> Presentation of Harlan Matthews Before Spending Limit Committee With Summary of Questions and Answers, Folder 2, Box 8, Copeland papers.

<sup>4</sup> Statement of David Copeland to Limitation on State Spending Committee, September 28, 1977, Folder 8, Box 17, Copeland papers.

<sup>5</sup> Tennessee taxed investment income.

<sup>6</sup> Taxpayers Coalition letter, May 1977, Folder 2, Box 18, Copeland papers.

Beginning a year before California's Proposition 13 property tax cut passed in June 1978, a steel fabricator and Conservative Caucus member of the Tennessee state legislature organized one hundred constitutional convention delegates to pass a referendum on to voters focused on concurrent ballot measures to unfreeze credit and integrate schools and marriages. Tax limitation's particular victory among hundreds of thousands of Tennessee voters legitimized the general idea of constitutional spending control.

Conservatives learned to recruit activist economists, petition signers, independent contractors, and members of new state conservative or libertarian parties as campaign volunteers. National organizations like the American Conservative Union offered technical, legal, and strategic support to state groups, helping to prioritize investments to populous states most likely to win. Reagan administration staffers formed the Pacific Legal Foundation to represent campaigns pro bono in a variety of lawsuits against teachers and good government groups. Former U.S. Solicitor General Robert Bork volunteered his services in Michigan courts.

Businesses learned to donate enough money to outspend powerful public sector unions on fiscal politics. After the New York City fiscal crisis and California's Proposition 13 property tax cut, tax limiters got free publicity for their preventative, moderate-by-comparison measures. As campaign finance laws permitted more and more corporate spending, businesses could buy publicity too. Business associations aimed to weaken the power base of labor by attacking organized teachers—the fastest growing union in the AFL-CIO during the 1960s was the American Federation of Teachers—in addition to cutting public benefits like food stamps for strikers and weakening law labor for private and public sector workers.<sup>7</sup>

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<sup>7</sup> <For example see 1970s action guides>

Constitutional amendment drafters learned to simplify their message and offer immediate property tax relief, including by limiting local school property taxes. Tax limiters developed a body of literature to vividly convey complex concepts. Borrowed and repurposed warnings about the dangers of government spending, traced in Ch. 2 “The Sentinels,” reappeared: the American Legislative Exchange Council introduced model legislation like tax limitation with anecdotes from the nineteenth-century French polemicist and economic liberal Frederic Bastiat.<sup>8</sup> Tax limiters cited an apocryphal quote attributed to the eighteenth-century Scottish historian and jurist Alexander Fraser Tytler.

Tax limiters learned to target teachers and demonstrate that limits were no threat to education. An Arizona consultant compiled “A Checklist to use in planning your tax limitation campaign” including “Consult with Lew Uhler...He is the best resource in the nation in this specialized area.” National Tax Limitation Committee leader Uhler included “welfare rights organizations, public employee unions, and the education lobby,” in the opposition camp, singled out teachers as “the natural-born enemy of tax-limitation.”<sup>9</sup> Who, they asked, “is to control this country—the teachers, or the taxpayers?”<sup>10</sup> If voters were unsure whether limits would harm education, they would vote them down. “Defusing this issue” the Arizona consultant insisted “will eliminate the strongest resistance you will encounter in your campaign.”<sup>11</sup>

Privatizers benefitted when tax limitation forced government programs to compete against each other for funding. Alongside tax limits, the earliest version of the American Legislative Exchange Council’s Source Book included templates for bringing the market into the state through

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<sup>8</sup> ALEC 1978-79 Suggested State Legislation.

<sup>9</sup> Kuttner, *Revolt of the Haves*.

<sup>10</sup> Rickenbacker and Uhler, *A Taxpayer's Guide to Survival*, 46.

<sup>11</sup> Bandouveris Company of Phoenix, AZ, “A Checklist to use in planning your tax limitation campaign,” circa 1978, Folder 5, Box 18, Copeland papers.

tax credits for private schools, student testing, hiring freezes, financial reporting, and enterprise zones.<sup>12</sup> Tax limiters strategically supported campaigns for public aid to private schools to divert teachers' political opposition from ballot measures.

As the first section reveals, an American Legislative Exchange Council co-founder used Tennessee's environment of low-taxes, rising spending, and fragmented, non-union opposition to put a ballot measure before state voters, several hundred thousand of whom legitimized constitutional restrictions on government spending, and thus by definition, taxing, for the rest of the country. The second section shows that tax limiters prevailed over a Proposition 13-style fifty percent property tax cut in 1978 when the Republican governor reluctantly supported tax limitation, teachers unions were on the defensive in the courts, labor-liberal alternatives had failed, and a mainstream businessman was the face of the campaign. The third section sketches the unsuccessful campaign for federal tax limitation, connecting conservative, business, expert, and labor actors.

### **Tennessee Nutcracker**

Tennessee, the first state to constitutionally tie government spending to a fixed percentage of state income did so on March 7, 1978, three months before the Proposition 13 property tax cut passed in California. Tennessee's tax burden fell by 19.60 percent between 1978 and 1982, slowing to decrease by 10.96 percent between 1978 and 1985.<sup>13</sup> Compared to rates of change in

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<sup>12</sup> Tennessee state representative David Copeland sponsored enterprise zone legislation. ALEC Report "Enterprise Zones Make New Progress," April 1982, call no. RH WL D2739 Apr. 1982; ALEC 1978-79 Suggested State Legislation, call no. RH WL C1800 1978/9, Wilcox Collection of Contemporary Political Movements, Kenneth Spencer Research Library, University of Kansas. New conservative foundations like Scaife funded the American Legislative Exchange Council (ALEC)'s Source Book of model legislation, which shared California's 1973 constitutional amendment described in Ch. 5 "Don't Spend It Faster Than I Can Make It" with conservative state legislators across the country. To this day, ALEC invites corporate lobbyists and state legislators to write model legislation together. Folder 2, Box 25, Copeland papers.

<sup>13</sup> Measured as tax collections per \$1,000 in personal income. Folder 8, Box 21, Copeland papers.

other southern states, this was the most dramatic drop during the earlier period, and among the most dramatic during the later period. Unlike many other states, Tennessee lacked a nineteenth-century constitutional limit on overall debt but enforced a limit on interest rates. Struggling to borrow in an age of inflation, legislators called a constitutional convention for 1977 in order to raise the state's interest rate ceiling.<sup>14</sup> Bankers had begun urging the legislature to permit them to charge more than ten percent in interest in 1974. However, calling a convention could introduce other amendments: increased school funding, desegregated schools, an income tax, a tax limit.

After consulting with Uhler and ALEC, state representative David Copeland of Chattanooga decided to revise the appropriations rather than the taxation section of the state constitution to avoid a runaway convention that approved an income tax. Combined with a balanced budget requirement, controlling how much Tennessee could spend would necessarily limit taxes. A member of the legislative committee responsible for issuing the call to convention, Copeland found a use for interest groups besides inflating budgets. Copeland asked the Tennessee Farm Bureau to help persuade legislators, and later credited the financial community with putting the motion "over the top" in August 1976.<sup>15</sup>

After winning re-election to the House in 1976 but before being sworn in, Copeland started the Taxpayers Coalition, whose only paid staffer was a secretary, with an attorney on retainer too.<sup>16</sup> Taxpayers Coalition board members ranged from department store and insurance company and machine and chemical company owners to a law firm partner to an accountant to a dairyman to a general contractor to a retired nuclear engineer to a former teacher and educational administrator. Many had connections to chambers of commerce. All were men. Copeland observed that this

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<sup>14</sup> Tennessee's constitution required a convention be held once a decade, but no more than once every six years.

<sup>15</sup> David Copeland oral history, undated, Tape 2, 3, Folder 5, Box 24, Copeland papers.

<sup>16</sup> Ibid.

“(g)ross roots participation” proved the distinction between “special interests” and “citizen interests.”<sup>17</sup> Recruiting board members by congressional district, Copeland desired people with “a history of community activity, not elected office holders, preferably not known for being extreme partisans.”<sup>18</sup> He did not expect their duties—selecting other directors, organizing citizens to contact delegates, attending one meeting with convention delegates, voting on the convention amendment—to take much time.<sup>19</sup>

Copeland, who turned his father’s window treatments business into a steel fabricator, ran one of many small manufacturers setting up shop in the Sunbelt. Born in Florida, Copeland moved to Tennessee as a young man, where he came into his own politically as a conservative. Brought to a meeting by a friend, Copeland enjoyed volunteering, and within several years, ran for the state legislature.<sup>20</sup> A co-founder of the American Legislative Exchange Council, Copeland heard Uhler speak on tax limitation at the 1974 ALEC conference and was inspired by the tax limit from ALEC’S *Sourcebook of American State Legislation*.<sup>21</sup> As of its 1977 annual report, ALEC had distributed 18,000 copies of *Suggested State Legislation* to 7,600 state legislators.<sup>22</sup> A member of the legislature’s finance committee, Copeland’s single issue was taxes. In a local newspaper ad, Copeland explained “Why Taxes Rise” with the economic logic of public choice theory: “The potential cost to you did not persuade you to invest your time and effort to halt tax increases but

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<sup>17</sup> News Release, October 16, 1977, Folder 6, Box 21, Copeland papers.

<sup>18</sup> David Copeland to Sen. John Ford, August 2, 1977, Folder 9, Box 21, Copeland papers.

<sup>19</sup> David Copeland to John Hoff, September 6, 1977, Folder 9, Box 21, Copeland papers.

<sup>20</sup> Copeland November 21, 1979 deposition in lawsuit by Ethos, Inc. against NTLC heard in Chancery Court in 1979, Civil Action No. 79-765-P, Folder 5, Box 24, Copeland papers.

<sup>21</sup> Lewis Uhler, Box 117, Folder 107 Tape Part 2 CPAC '79—“Tax Limitation” cont’d, ACU. Sheldon D. Engelmayer and Robert J. Wagman, *Tax Revolt 1980: A How-to Guide* (Westport, CT: Arlington House Publishers, 1980), 153. Richard A. Viguerie, *The New Right: We’re Ready to Lead* (Falls Church, VA: Viguerie Co., 1981), 68.

<sup>22</sup> ALEC, 1977 Annual Report, Folder 2, Box 71, ACU.



the benefits received by others was great enough to persuade them to invest great amounts of time and energy to cause tax increases.”<sup>23</sup>

Copeland introduced a motion from the convention floor during the late summer of 1977 to solve the state’s multiple fiscal problems. Copeland’s constitutional amendment declared the state could not spend at a rate greater than its economic growth, which he estimated using a University of Tennessee econometric model.<sup>24</sup> Simplifying Uhler’s formula by focusing on spending rather than taxing and removing special conditions for emergencies and debt, Copeland’s legislation did “not frighten Convention delegates.”<sup>25</sup> However, when Copeland told the state comptroller’s office “we’re going to limit the growth of government by restricting the amount of its expenditures” the response was “Oh my God!”<sup>26</sup>

Echoing Ronald Reagan, the Tennessee Taxpayers Association declared “tax limitation may be an idea whose time has come.” Although the limits were “really fairly lenient,” the taxpayers association recommended approval in Tennessee and copies around the country for their psychological effect on legislators tempted to grow government faster than the private economy. Copeland’s constitutional amendment was “the best expenditure control device” the Tennessee Taxpayers Association had seen in many years.<sup>27</sup> The U.S. Chamber of Commerce’s magazine *Nation’s Business* called the Tennessee amendment “careful and responsible in the way it puts a lid on public outlays.”<sup>28</sup>

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<sup>23</sup> David Copeland, “Why Taxes Rise,” paid ad in local newsletter, undated, Folder 9, Box 16, Copeland papers.

<sup>24</sup> Lew Uhler at CPAC '79--"Tax Limitation" cont'd, Tape Part 2, Box 107, ACU.

<sup>25</sup> David Copeland to Mr. Lewis K. Uhler, April 28, 1977, Folder 7, Box 18, Copeland papers.

<sup>26</sup> David Copeland oral history, undated, Tape 1, 6, Folder 5, Box 24, Copeland papers.

<sup>27</sup> Tennessee Taxpayers Association, “Proposed Amendments to the Tennessee Constitution,” Analysis of Taxes and Spending, February 7, 1978, Folder 9, Box 16, Copeland papers.

<sup>28</sup> David Copeland, “Tennessee’s Best,” Remarks to Chattanooga Chamber of Commerce Coffee Club, July 25, 1978, 5, Folder 8, Box 17, Copeland papers.

One of the states where chamber of commerce ran taxpayers associations was Tennessee. Attributing the “support of many large and well-organized groups” to the changes he made to ALEC’s model legislation, Copeland listed backers such as the “Tennessee Farm Bureau, business oriented groups (including individual Chambers of Commerce and Tennessee Taxpayers Association which is our equivalent of a state Chamber of Commerce), and even segments of organized labor” in a “not for publication” letter to Uhler.<sup>29</sup> While the Nashville Area Chamber of Commerce refused to share its mailing list with Copeland early in the campaign, its supportive leaders passed on information to members.<sup>30</sup>

The Tennessee Taxpayers Association followed the California and Michigan limit campaigns closely. Tennessee’s state chamber equivalent noted that teachers, local officials, labor unions, League of Women Voters were opposed while businessmen like “an engineer for Dow Chemical Company, and the chief economist of the Ford Motor Company” were the “chief sponsors.”<sup>31</sup> As Copeland organized delegates to lobby the convention chair, one worried if nothing were done about taxes “at this rate Tennessee will be in the category with Michigan.”<sup>32</sup> Alongside three Nashville residents and a handful of other \$1,000 donors to Reagan’s 1976 presidential campaign, the U.S. Chamber of Commerce board member and president of Dart Industries of Southfield, MI appeared in a folder of “useful contacts” Copeland solicited for funds.<sup>33</sup>

Whereas Tennessee convention delegates who invited Friedman to address their constitutional convention waited months for a no, Uhler knew how to reach the famous economist.

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<sup>29</sup> Ibid.

<sup>30</sup> Edward F. Jones to David Copeland, February 23, 1977, Folder 7, Box 18, Copeland papers.

<sup>31</sup> Donald W. Jackson to Each Member of the Tennessee Taxpayers Association, October 28, 1976, Folder 7, Box 18, Copeland papers.

<sup>32</sup> Carl Koella, Jr. to Charles Burson, September 12, 1977, Folder 5, Box 16, Copeland papers.

<sup>33</sup> Handwritten list of \$1000 (\$4573.44 in 2020) contributors to the 1976 Reagan campaign provided by name unreadable, Folder 8, Box 18, Copeland papers.

Watching Friedman endorse state and federal constitutional amendments to “set a maximum limit to government spending” on “Meet the Press” during the 1976 Michigan campaign, a Tennessee convention delegate candidate immediately invited Friedman to her state.<sup>34</sup> To Copeland, Friedman wrote that after receiving more speaking requests than he could “possibly handle” he had “decided that I can probably contribute more to the cause by a general writing and speaking on the broad spectrum of the issues, than by participating in actual political campaigns to any significant extent.”<sup>35</sup> In his correspondence with Copeland, Friedman copied Uhler at his home address, signaling a familiarity between the two men. Uhler’s personal relationship with Friedman was one of his most valuable assets, and by the fall the economist had cleared an hour in his busy schedule.

From a room at a Midtown Manhattan hotel while traveling on other business, Friedman called in to the convention of nearly one hundred delegates. Some commentators considered Friedman’s presentation the “turning point” in the Tennessee legislature’s decision to forward constitutional language to voters.<sup>36</sup> Friedman urged Tennesseans to set a limit before state employees exerted pressure to drive up spending. Earlier that day, Friedman had asked municipal bond issuers what effect a tax and spending limit like Tennessee’s would have on credit ratings, a pressing concern for state legislators. He passed on the good news: “showing a real sense of fiscal responsibility, by limiting the claims—the levies that will be made on the income of the people” would improve the state’s credit rating and reduce the need to borrow.<sup>37</sup>

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<sup>34</sup> Interview with Milton Friedman, moderated by Bill Monroe, *Meet The Press* (NBC), October 24, 1976 from The Collected Works of Milton Friedman, compiled and edited by Robert Leeson and Charles G. Palm. Marmi Hood Mairs to Dr. Friedman, October 25, 1976, Folder 7, Box 18, Copeland papers.

<sup>35</sup> David Copeland to Milton Friedman, January 11, 1977; Milton Friedman to David Copeland, March 4, 1977, Folder 7, Box 18, Copeland papers.

<sup>36</sup> *The Taxpayer's Guide to Effective Tax Revolt*, 106.

<sup>37</sup> Telephone Conference by Dr. Milton Friedman, September 15, 1977.

More than creditors, a tax limit would equip legislators to negotiate with special interests. Based on his conversations with state legislators about the difficulty of turning down expenditures, Friedman imagined what a constitutional amendment would let them say:

They have said, you know, somebody comes up to me and propagandizes for bigger state expenditures for a perfectly good purpose—they say they want more money for a mental hospital or for aid to the handicapped or for schools and, if I say to them, well, gee, I'd like to vote for that but you know that would mean higher taxes and we really can't do that, they'll turn to you and say well you are a hardhearted fellow, you have no interest in the welfare of your fellow human beings and the legislators say, you know it is very hard to resent that kind of pressure. On the other hand, they say if we had a spending limitation in the constitution, I could say to such a proponent—well, you know I agree with you. That's a very good cause but you know we have a total budget. What do you think we should substitute that for?<sup>38</sup>

Friedman took questions, but repeatedly referenced Uhler and Rickenbacker's booklet for answers and model amendment provisions.<sup>39</sup> After Friedman testified, the con-con brought in Walter Heller, an economist opposed to tax limitation but known for his Keynesian federal tax cuts in the Kennedy administration.<sup>40</sup>

In addition to Friedman's call, several factors turned the convention. After the Tennessee Supreme Court enforced the state's ten percent interest rate ceiling, lenders shuttered, borrowing stopped, and the convention scheduled a referendum in six months.<sup>41</sup> During the convention, the Tennessee Employment Association sent an outreach list, and the Tennessee chapter of Young Americans for Freedom, on whose advisory board Copeland sat, a petition.<sup>42,43</sup>

Not merely a product of financialization, tax limitation enabled financialization. Tennessee banks, including Pioneer Bank of Chattanooga and American National Bank and Trust Company,

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<sup>38</sup> Ibid., unnumbered.

<sup>39</sup> Telephone Conference by Dr. Milton Friedman, September 15, 1977.

<sup>40</sup> ALEC, "Tax Limitation Amendment Victory Imminent in Tennessee," *First Reading*, October 1, 1977, Folder 2, Box 25, Copeland papers.

<sup>41</sup> David Y Copeland to Dr. Milton Friedman, September 12, 1977, Folder 9, Box 21, Copeland papers.

<sup>42</sup> Lee Whipple to Rep. David Copeland, September 9, 1977, Folder 1, Box 18, Copeland papers.

<sup>43</sup> David Copeland to John Davies, December 2, 1976, Folder 7, Box 18, Copeland papers. David Copeland to Mr. Ronald Schlicher, September 27, 1977, Folder 9, Box 21, Copeland papers.

that supported increasing the rates they could charge also endorsed the spending limit.<sup>44</sup> An NTLC board member employed at the New York firm Hornblower, Weeks, Noyes & Trask, which itself underwrote municipal securities, arranged for a letter from ratings agency Fitch Investors Service to remove any lingering doubts about the impact of spending limits on debt.<sup>45</sup> Of legislation to “restrict borrowings of municipalities to a percentage of income/revenues,” Fitch felt “that this approach to borrowing will be most helpful in maintaining the credibility of subordinate entities provided that too many loopholes are not included in the law.”<sup>46</sup> Some economists worried the state would turn to non-tax revenue like debt if the tax lid worked as intended.<sup>47</sup>

Persuaded, legislators set a referendum date of March 7, 1978 for voters to constitutionally limit their budgetary powers. The convention nicknamed Copeland “NUTCRACKER.” Copeland proudly explained: “they’re right, when it comes to government spending, I’m a conservative nut.”<sup>48</sup> Even the Democratic convention chair, who wanted to run for U.S. Senate, recognized the popularity of the issue.<sup>49</sup> After the convention, the Tennessee Manufacturer’s Association, Retail Merchants Association, Wholesale Grocer Associations, Retail Gasoline Dealers, Hospital Associations, Insurance Organizations joined the cause.<sup>50</sup>

When all the calculations settled, the amendment permitted a maximum spending increase of 10.38 percent in 1979.<sup>51</sup> Even at this high growth rate, since productivity was lower in the

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<sup>44</sup> American National Bank and Trust Company, *Second Gear* newsletter endorsed Copeland’s amendment on August 16, 1977, Folder 9, Box 21, Copeland papers.

<sup>45</sup> C. Austin Barker to Matthew Maloney, September 23, 1977, Folder 9, Box 21, Copeland papers.

<sup>46</sup> Matthew P. Malony to Mr. David Copeland, September 23, 1977, Folder 9, Box 21, Copeland papers.

<sup>47</sup> Jack P. Suyderhoud to Professor Kenneth E. Quindry, December 8, 1977, Folder 9, Box 21, Copeland papers.

<sup>48</sup> “Close-Up,” *Tennessee Digest: A Newsletter of Taxpayer’s Coalition of Tennessee* vol. 1, no. 1, April-May 1979, Folder 7, Box 21, Copeland papers.

<sup>49</sup> David Y Copeland to Dr. Milton Friedman, September 12, 1977, Folder 9, Box 21, Copeland papers.

<sup>50</sup> “Observations on the Tennessee effort to impose Constitutional Spending Limits,” undated, not for publication, Folder 2, Box 18, Copeland papers

<sup>51</sup> “Close-Up,” *Tennessee Digest: A Newsletter of Taxpayer’s Coalition of Tennessee* vol. 1, no. 1, April-May 1979, Folder 7, Box 21, Copeland papers.

public than private sector, limiting the budget to total productivity growth would cut the public sector.<sup>52</sup> The new Section 24 of Article II of the Tennessee constitution proposed other fiscal checks: balanced budget, regulated borrowing, pay-go appropriations, cost mandating. Bonds could only be issued for capital improvements, not operational spending. Copeland did not get everything he asked for: a narrower measure of economic growth, personal income; limits on county and city spending; automatic exceptions for natural disasters and federal mandates; super-majority margin for emergencies.<sup>53</sup>

The Tennessee tax limitation amendment was not contested with the same fervor as in California or Michigan. When the League of Women Voters invited Copeland to a debate over tax limitation, which it opposed, the group found itself apologizing for another speaker's invocation "of the name of a particular political group" and Copeland benignly commended the League on its "active participation."<sup>54</sup> The Tennessee Education Association, an NEA affiliate, labor unions, and many Democratic politicians were also opposed.<sup>55</sup> However, tax limitation proponents argued TEA was "an embarrassment to teachers," who were used by the special interest group.<sup>56</sup> Copeland was at pains to single out any teachers in attendance at meetings, and recruited one to the Taxpayers Coalition board. The legislator suggested to several letter writers that they start an organization of teachers for spending limits.<sup>57</sup> Within the Tennessee Department of

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<sup>52</sup> The University of Tennessee professor sent the proposed spending limitation to Purdue's School of Management, where Suyderhoud conducted a study. Jack P. Suyderhoud to Professor Kenneth E. Quindry, December 8, 1977, Folder 9, Box 21, Copeland papers.

<sup>53</sup> David Y. Copeland, III to Roy W. Turner, March 30, 1978, Folder 5, Box 21, Copeland papers.

<sup>54</sup> David Y. Copeland, III to Mrs. Phillip Vander Weg, March 17, 1978; Silvine Hudson to Mr. Copeland, March 7, 1978, Folder 5, Box 21, Copeland papers.

<sup>55</sup> Engelmayer and Wagman, *The Taxpayer's Guide*.

<sup>56</sup> Summary of Statement By Rep. Jimmy Wallace Before Spending Limit Committee with Questions and Answers, September 27, 1977, Folder 2, Box 18, Copeland papers.

<sup>57</sup> David Copeland to Mrs. Clarence Kolwyck, August 1, 1977, Folder 9, Box 21, Copeland papers.

Education, the director of the Division of Vocational-Technical Education supported Copeland's proposal for "logic in government."<sup>58</sup>

Full-time lobbyists at the Chamber of Commerce, the Farm Bureau, and the Retail Grocers Association recruited their members to vote and volunteer for tax limitation. During its annual meeting, 1,200 Tennessee Farm Bureau delegates voted against the ERA and for Copeland's limit.<sup>59</sup> Earlier, the Farm Bureau pledged to raise \$5,000 for Copeland's effort.<sup>60</sup> The National Federation of Independent Businesses polled its 10,000 Tennessee members; of the fifteen percent responding, seventy percent supported constitutional spending limitation.<sup>61</sup> "Tire Dealers for Limited Government Spending" shared literature.<sup>62</sup>

Many corporations bought education materials from Copeland's Taxpayers Coalition.<sup>63</sup> Paycheck mailers cost as much as \$3,000 for companies with more than 501 employees.<sup>64</sup> The state attorney general approved business contributions to advertising during the convention and before the referendum.<sup>65</sup> Although Taxpayers Coalition's attorneys interpreted the tax code to mean such goodwill and institutional advertising was tax deductible, the secretary of state later questioned the group's charitable purpose.<sup>66</sup> Copeland himself registered as a lobbyist.<sup>67</sup>

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<sup>58</sup> Bob Lundquist to David Copeland, March 11, 1977, Folder 7, Box 18, Copeland papers.

<sup>59</sup> "Large Crowd At Tennessee Farm Bureau Annual Meeting; Voting Delegates Call For Limitation On Government Spending," FB News, vol. LV, no 11, December 1977-January 1978, Folder 9, Box 16, Copeland papers.

<sup>60</sup> Organizational notes from 1977, Folder 9, Box 17, Copeland papers.

<sup>61</sup> National Federation of Independent Businesses State Ballot, Tennessee, March 3, 1978, Folder 5, Box 17, Copeland papers.

<sup>62</sup> Typed notes, October 1976-, Folder 6, Box 17, Copeland papers.

<sup>63</sup> Philip M. Crane, with David Copeland and Donald Totten, *Tax Limitation: The Time is Now* (1978).

<sup>64</sup> David Copeland to Mr. Jim Purple, July 13, 1977, Folder 7, Box 17, Copeland papers.

<sup>65</sup> Albert W. Secor to David Y. Copeland re Costs of Materials Provided by Taxpayer's Coalition, Inc.: Legality and Deductibility, August 23, 1977, Folder 2, Box 18, Copeland papers.

<sup>66</sup> James H. Roberson to Honorable D. Y. Copeland, September 7, 1977

<sup>67</sup> Transcript of the Proceedings of the ACU Forum on Tax Limitation by Constitutional Amendment, May 1, 1978, Washington, D.C. in Philip M. Crane, with David Copeland and Donald Totten, *Tax Limitation: The Time is Now* (<>, 1978). C. Kenneth Powers, Sr., "Spending Limitation—An Historic Proposal," Tennessee Legislative Digest vol. II, part 1, no. 7 (1978), 2, Folder 19, Box 100, Copeland papers.

The ACU, NTU, and NTLC provided money to combat the expensive, last-minute media blitz that had been so successful elsewhere.<sup>68</sup> Even though the ACU Task Force on Tax Reduction Copeland had joined did not target Tennessee, coordinator Yvonne Chicoine persuaded the organization to back the Tennessee tax limitation campaign, sending a staffer for two months.<sup>69</sup> Uhler's group, the National Tax Limitation Committee, also provided its research director.<sup>70</sup> Radio ads played on repeat in the days before the election: "Elected officials can write statutory laws; but only voters can write constitutions. Laws govern men—constitutions govern government. Isn't it time that we controlled our government?"<sup>71</sup> Newspaper ads ran the day before and day of the election.<sup>72</sup>

Copeland estimated the referendum campaign cost \$200,000, much less than the California and Michigan ballot initiatives.<sup>73</sup> Far from the professional speakers bureaus tax limit proponents ran in these two states, Tennessee's Taxpayers Coalition gently suggested organizers hold local gatherings, adding "(we can probably supply a speaker for a civic club or other meetings)."<sup>74</sup> Copeland had built a list of "known conservatives" political district by district over many years, and now added names from sources everywhere.<sup>75</sup> Volunteers phone banked enough yes votes for a special election including a number of constitutional amendments. The Nashville Area

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<sup>68</sup> "Observations on the Tennessee effort to impose Constitutional Spending Limits," undated, not for publication, Folder 2, Box 18, Copeland papers. David Y. Copeland, III to Jim Davidson, March 16, 1978, Folder 5, Box 21, Copeland papers.

<sup>69</sup> Agenda ACU Board of Directors Meeting, March 19, 1978, 3, Folder 24, Box 21, ACU. Engelmayer and Wagman, *Tax Revolt 1980*. Yvonne M. Chicoine, "Tax Limitation," June 12, 1978, Folder 5, Box 21, Copeland papers.

<sup>70</sup> Eugene Meyer, *Tax-Limitation News*, Winter 1977-1978, Folder 5, Box 101, ACU.

<sup>71</sup> Radio spot run before Mar 7 Const Referendum, Folder 8, Box 17, Copeland papers.

<sup>72</sup> "Observations on the Tennessee effort to impose Constitutional Spending Limits," undated, not for publication, Folder 2, Box 18, Copeland papers.

<sup>73</sup> Crane, *Tax Limitation*, 35.

<sup>74</sup> Eugene B. Meyer to District Organizer, February 7, 1978, Folder 9, Box 18, Copeland papers.

<sup>75</sup> David Copeland oral history, undated, Tape 2, 1, Folder 5, Box 24, Copeland papers.



Taxpayers Association, an affiliate of the National Taxpayers Union, got out the vote as well.<sup>76</sup> With eighteen percent of the electorate voting, Proposition 9 passed with sixty-five percent of the vote. That night Copeland said “We’ve seen history made today...We’ve seen a taxpayers’ rebellion in a nonviolent manner—completely within the system.”<sup>77</sup>

Conservative commentator James J. Kilpatrick’s syndicated column announced the good news in local papers across the country. Governors, legislators, realtors, educators, housewives, and businessmen wrote to Copeland requesting information. Chairman of the Republican National Committee Bill Brock warmly congratulated Copeland and predicted benefits for the Republican Party and the country.<sup>78</sup> Brock, a former U.S. Senator from Tennessee, had introduced the U.S. Chamber’s budget control bill in 1972. Milton Friedman titled his *Newsweek* column “A Progress Report,” sharing “the present state of the grassroots movement that Ronald Reagan started in California five years ago when he sponsored Proposition 1”: “One down, 49 to go.”<sup>79</sup> Speaking to the National Association of Manufactures ahead of the fall tax limitation ballot initiatives, Milton Friedman compared government spending to chattel slavery.<sup>80</sup> If the growth trend continued, Friedman warned Americans would lose their freedom.<sup>81</sup>

## Mainstream Michigan

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<sup>76</sup> Sally Cromwell, *Coalition: The NTU Newsletter for Local Groups*, April-May 1978, Folder 5, Box 17, Copeland papers.

<sup>77</sup> Yvonne M. Chicoine, “ACU Aides State Rep. Copeland in Important Fight; Tennesseans Vote Big To Limit State Spending,” *Battle Line*, April 1978, 14, Folder 7, Box 21, Copeland papers.

<sup>78</sup> Bill Brock to The Honorable David Copeland, June 9, 1978, Folder 9, Box 21, Copeland papers.

<sup>79</sup> Milton Friedman, “A Progress Report,” *Newsweek*, April 10, 1978, 80.

<sup>80</sup> C. W. Borklund, “Only the Form has Changed,” *Government Executive*, August 1978, 5, Folder 5, Box 17, Copeland papers.

<sup>81</sup> As Lawrence Glickman documents, this rhetoric was common during the 1970s. Lawrence B. Glickman, *Free Enterprise: An American History* (New Haven, CT: Yale University Press, 2019).

Michigan tried again to limit taxes as the threat of government bankruptcy in an imagined past and in present day New York City spread in state houses and newspapers. The state representative responsible for Tennessee's tax limitation victory urged fellow legislators to write their U.S. senators in opposition to a federal bail-out for New York City. Tennessee legislators, Copeland observed, "have imposed controls on ourselves, and we are unwilling to have our taxes used to support citizens elsewhere who are not willing to impose on themselves a similar kind of fiscal discipline."<sup>82</sup> On the occasion of the nation's bicentennial, a Tennessee state senator shared an apocryphal quote attributed to the forgotten Scottish historian Alexander Frazer Tytler warning against government largesse, and worrying about New York.<sup>83</sup> During the 1976 election season, a Michigan state representative referenced New York's bankruptcy and Alexander Tytler in a letter to the editor of the *Detroit Free Press*.<sup>84</sup> Dow Chemical Company lobbyist Bill Shaker drafted an editorial for Panax papers, a cash and in-kind donor to tax limitation, closing with Alexander Fraser Tytler.<sup>85</sup> The various spellings of Tytler's name indicate how loosely economic popularizers translated his work, and how widely the Foundation of Economic Education's version traveled, a process of bricolage described in Ch. 2 "The Sentinels."

The Michigan State Chamber of Commerce leader and insurance executive Richard Headlee, who joined the tax limitation campaign as frontman in 1978, used the same Tytler quote every time he spoke:

"A democracy cannot exist as a permanent form of government. It can only exist until the voters discover they can vote themselves largesse from the public treasury. From that moment forward, they will always vote for the candidate promising the most from the

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<sup>82</sup> David Copeland to Hon. Paul Priolo, June 27, 1978, Folder 9, Box 21, Copeland papers.

<sup>83</sup> William D. Baird, Tennessee State Senator on the occasion of the bicentennial and with reference to New York City's financial problems, Folder 6, Box 17, Copeland papers.

<sup>84</sup> Ed Fredricks to Editor, *Detroit Free Press*, September 20, 1976, Folder TUTL Proposal C (1) 1976, Box 1, TUF.

<sup>85</sup> "Thoughts For Editorial," undated, Michigan Drawer, Shaker Folder, LKU.

public treasury until the democracy ultimately collapses in fiscal chaos, always followed by a dictatorship.”<sup>86</sup>

Legitimized by the authority of European men of letters, these apocryphal words circulated widely in conservative circles during the 1960s and 1970s as a shorthand explanation of how unions grew public budgets, and why they must be stopped.<sup>87</sup> Teachers unions were a particular danger.

Wondering “do we keep teachers as good guys,” Uhler decided: good teachers, bad unions.<sup>88</sup> When readers responded to Friedman’s *Newsweek* columns about the Michigan tax limitation ballot measure, “the only angry letters (he) got were from teachers that felt (he) had slandered them by saying they were all uniformly opposed to the amendment.”<sup>89</sup> Judging by his signature type font, Uhler scripted radio spots—when he did not have a speaker in mind, he left a placeholder label: union leader/member, teacher, school board member, local government official, farmer. The “teacher” identified themselves as an Michigan Education Association (MEA) member who objected to the association’s leadership—“a bunch of people who are not teachers”—and goals—“to be the dominant political force in Michigan.”<sup>90</sup> With his public relations firm, Uhler pondered an “(e)xposé on MEA/Teachers abuses.”<sup>91</sup>

At some point, tax limiters considered running a campaign for publicly-funded vouchers for private school tuition to “keep Education + other public employees off balance + divert their attention.”<sup>92</sup> As of 1977, MEA members were paying attention, warning members: “Watch out!

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<sup>86</sup> Richard Headlee, “Limiting state spending and property tax growth,” In the Proceedings of the Tax Policy for a Healthier Economy Conference, December 6, 1978; Richard Headlee, Press Conference remarks beginning “We are announcing the formation of a committee called Taxpayers United for Tax Limitation, Undated, Headlee, Richard-Speeches on Tax Limitation: 1963, 1977-1978 Folder, Box 1, Richard Headlee Papers, BHL.

<sup>87</sup> See article manuscript “No Maxim More Common: Fiscal Ideas on the American Right.”

<sup>88</sup> Hand-written notes beginning with “Brochure,” undated, Michigan Drawer, Campaign Strategy Folder, LKU.

<sup>89</sup> *Ibid.*, unnumbered.

<sup>90</sup> Script titled “Teacher,” undated, Michigan Drawer, Schedule Folder, LKU.

<sup>91</sup> Hand-written notes titled “McMaster,” undated, Michigan Drawer, Campaign Strategy Folder, LKU.

<sup>92</sup> Hand-written notes titled “Tax Limitation Strategy” undated but likely from 1974, Michigan Drawer, Michigan Folder, LKU.

Tax limit folks are back.”<sup>93</sup> The Michigan Conservative Union, the renamed Conservative Party of Michigan, planned to fight the MEA’s teacher licensure bill in the state legislature where union support had elected representatives and senators.<sup>94</sup> Teachers were “not satisfied with our generosity,” a Michigan Conservative Union leader warned: “THEY DO NOT WANT US TO BE ABLE TO VOTE ON THE COST OF EDUCATION.” Indeed, vouchers were on the ballot in 1978, the year Michigan voters finally approved tax limitation.<sup>95</sup>

Michigan tax limiters recruited business leaders with more mainstream appeal. Uhler noted Michigan Conservative Union leader Norm R. Hughes’ “tenacity” in trying again after the close 1976 loss.<sup>96</sup> Preparing for the next tax limit vote, Michigan State Chamber of Commerce leader Richard Headlee placed one condition on help from the Michigan Conservative Union: “Don’t tell anyone you’re supporting it until we get a broad-based coalition going, because we don’t want the press labeling this a right-wing thing.”<sup>97</sup> As journalist Robert Kuttner observed at the time, his colleagues labeled it a “populist uprising.”<sup>98</sup> Now, Kuttner calls the tax limitation movement a “right-wing” and “far right thing.”<sup>99</sup>

Richard Headlee, the new chairman of Taxpayers United, took tax limitation outside libertarian and conservative parties and into the moderate republicanism Michiganders had recently embraced in their governors. Born in Iowa and schooled in Utah, Headlee served as an

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<sup>93</sup> “Watch out! Tax limit folks are back,” *Teacher’s Voice*, December 19, 1977.

<sup>94</sup> Norman R. Hughes to Fellow Conservatives, June 15, 1977, Folder 19, Box 59, ACU.

<sup>95</sup> Kuttner, *Revolt of the Haves*, 292. It is not clear who was behind the Proposal H campaign. The *Wall Street Journal* identified the group offering Proposal H as Citizens for More Sensible Financing of Education. Mary Kay Roach was the group’s executive director. The *Chicago Tribune* reported vouchers were pushed by the Michigan Catholic Conference. John Emshwiller, “Tax-Cut Advocates Fight One Another Instead of City Hall,” *Wall Street Journal*, August 31, 1978, 1. Ralph Frammolino, “Michigan’s tough tax initiatives,” *Chicago Tribune*, October 26, 1978, B4. “Proposal H: A grab for public funds—again!” *Teacher’s Voice*, October 30, 1978, 3.

<sup>96</sup> CPAC '79--"Tax Limitation" cont'd, Tape Part 2, Box 107, ACU.

<sup>97</sup> Kuttner, *Revolt of the Haves*, 276.

<sup>98</sup> *Ibid.*

<sup>99</sup> Interview with Bob Kuttner, February 27, 2019. Kuttner recommended I talk with University of Connecticut tax law scholar, Richard Pomp, who was his mentor on this subject, and with Grover Norquist of Americans for Tax Reform.

Army officer before his business career.<sup>100</sup> First at the Detroit-based Burroughs Corporation, a producer of calculating machines that expanded into electronics and digital computing, and later at heavy equipment manufacturer Morbark Industries, Headlee joined business associations, as president of the Jaycees (the Junior Chamber of Commerce) and on the board of the U.S. Chamber of Commerce. In 1966, Headlee moved to Michigan and advised a fellow Mormon, Governor George Romney. The chairman of the National Taxpayers Union wrote Headlee bemoaning the failed presidential aspirations of Governor Romney because the “country would surely be in far better straits if you rather than Haldeman and Erlichman had been sitting outside the President’s door,” suggesting the businessman’s prominence in the Republican Party.<sup>101</sup> Switching industries, Headlee ran a life insurance company named after Alexander Hamilton, a subsidiary of the small loan company the Household Finance Corporation. As early as 1975, Headlee was vice chairman of the Michigan State Chamber of Commerce. Alongside Headlee and Van Andel, other Taxpayers United business leaders included executives of the West Bloomfield Chamber of Commerce, the Michigan Jaycees, and a past president of the junior chamber’s ladies’ auxiliary.<sup>102</sup>

Amway co-founder Jay Van Andel institutionalized his company’s experience during the 1974 and 1976 Michigan tax limitation campaigns in the U. S. Chamber’s new grassroots group Citizen’s Choice. Van Andel built a conservative Michigan political dynasty based in Dutch settlements on the state’s west coast near Lake Michigan.<sup>103</sup> After the Federal Trade Commission

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<sup>100</sup> Biography: Richard H. Headlee, January 3, 1979, Folder 5, Box 18, Copeland papers.

<sup>101</sup> Jim Davidson to Richard Headlee, September 25 1978, General Correspondence – July to Dec 1978 Folder, Box 1, Richard Headlee Papers, BHL.

<sup>102</sup> Democratic lawyer Jeffrey Leib ran the West Bloomfield Chamber of Commerce; Ritter’s Farmers Market owner Richard Vitter ran the Michigan Jaycees; Vickie Ann St. Louis had run the 3,400 member Michigan Jaycees auxiliary. Taxpayers United for Tax Limitation, “Who Behind the Tax Limitation Amendment,” September 25, 1978, Promo Material for “Headlee Amendment” Folder, Box 1, Richard Headlee Papers, BHL.

<sup>103</sup> In 1959, Jay Van Andel and Richard DeVos co-founded Amway, a concatenation of the American Way their independent contractors sold in personal and home care products. In 1979, DeVos and Van Andel made *Fortune’s* list of the four richest Americans with individual net worth estimated between \$300 and \$500 million. As her husband rose through the ranks of business association leadership in the late 1970s, Betty Van Andel campaigned

investigated Amway for price fixing and other crimes from 1975 to 1979, Van Andel become more involved in politics.<sup>104</sup> A vice president of the U.S. Chamber of Commerce at the beginning of the 1970s, Van Andel served on a number of committees including the Task Force on the Powell Memorandum, after it was leaked to the *Washington Post*.<sup>105</sup> When NAM rejected merger with the Chamber in 1976, Van Andel joined NAM to coordinate the organizations' efforts in 1977.<sup>106</sup> In 1978, Van Andel became chairman of the U.S. Chamber of Commerce, and co-chair of Michigan's renamed tax limitation group.<sup>107</sup>

Perhaps a revival of Citizens for Control of Federal Spending, the group that promoted a federal expenditure ceiling in 1973, Citizen's Choice was "designed to represent the millions of American citizens who resent high taxes, inflation, and increasing government interference in their lives."<sup>108</sup> Citizen's Choice planned to mail ten million invitations to membership. For an annual fee of \$15, members could access polls, a hot line, legislative and regulatory monitoring, and calls to lobbying action. The meeting minutes of the U.S. Chamber's Board of Directors would record only a stock sentence: "Mr. VanAndel gave a status report on and reviewed the recent activities of Citizen's Choice, as well as commenting on future growth."<sup>109</sup> The more members said, and the less the chamber said, the better.

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against the equal rights amendment as the Michigan chairman of the Eagle Forum. With Amway profits, the extended family invested in Christian causes and private, religious education. In the decades since, many DeVoses have campaigned for elected office, and Betsy DeVos was appointed U.S. Secretary of Education in 2017. Dale Russakoff and Juan Williams, "Rearranging 'Amway Event' For Reagan," *The Washington Post*, January 22, 1984, A1. Flyer for Michigan Conservative Union, CPAC 78: A Blueprint for Action, Folder 19, Box 59, ACU.

<sup>104</sup> Phillips-Fein, *Invisible Hands*, 202.

[https://www.ftc.gov/sites/default/files/documents/commission\\_decision\\_volumes/volume-93/ftc\\_volume\\_decision\\_93\\_january\\_-\\_june\\_1979pages\\_618-738.pdf](https://www.ftc.gov/sites/default/files/documents/commission_decision_volumes/volume-93/ftc_volume_decision_93_january_-_june_1979pages_618-738.pdf)

<sup>105</sup> Membership of National Chamber Committees and Panels, 1973-1974, Box 22, Series I, U.S. Chamber records.

<sup>106</sup> Box 245, NAM.

<sup>107</sup> Taxpayers United for Tax Limitation, "Who Behind the Tax Limitation Amendment," September 25, 1978, Promo Material for "Headlee Amendment" Folder, Box 1, Richard Headlee Papers, BHL.

<sup>108</sup> Chamber of Commerce Newsletter, vol. LIX, no. 11, November 1976, 152, Folder Local Chamber of Commerce Newsletter, Box 71, Series IV, U.S. Chamber records.

<sup>109</sup> For example, November 17, 1977, 3, Board of Directors Meetings/Minutes, June 24, 1977-May 2, 1983 Folder, Box 3, U.S. Chamber records.

As laws about business involvement in politics loosened, the U.S. Chamber participated more directly. The 1976 amendments to the Federal Election Campaign Act of 1971 permitted partisan communication to stockholders in addition to executives and their families.<sup>110</sup> The U.S. Chamber shared materials including sample letters, envelope inserts, and publications like “Make Politics Your Business: It’s Your Move.”<sup>111</sup> Businessmen-Constituents learned to influence legislators through the Corporate Congressional Action Committee and Corporate Legislative Action Networks.<sup>112</sup> In 1977, the U.S. Chamber started a separate fund, the Alliance for Politics, for legal business contributions to improve the “philosophical composition” of the national legislature.<sup>113</sup> By 1978, the Alliance for Politics invested in 83 races with a 61 percent win record, trailing the AFL-CIO Committee on Political Education’s 70.5 percent rate from 1974, when the U.S. Congress stripped a federal spending ceiling from the budget bill.<sup>114</sup>

Chambers of commerce were conduits for campaign literature. A Michigan pamphlet likely traveled to Maryland with the 1978 tax limit campaign frontman Richard Headlee, who served as vice president of his state’s chamber and sold life insurance in both Michigan and Maryland. Maryland Taxpayer Coalition chair Francis Paul Lucier, the CEO of Black & Decker, was president of his state’s chamber of commerce.<sup>115</sup> The Maryland Taxpayer Coalition copied the content and graphic design of Michigan’s Taxpayers United for Tax Limitation brochure, down to the last detail, asking “Who is behind this drive for tax limitation?” and answering with the same

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<sup>110</sup> “Get-Out-the-Vote for Private Enterprise: A New Action Program for National Chamber Members,” 1976, Folder Publications 1975 A-O, Box 94, Series IV, U.S. Chamber records.

<sup>111</sup> Ibid.

<sup>112</sup> Legislative Department, “CorpCAC: How to Organize...How to Operate,” October 1975, Folder Publications 1975 A-O, Box 94, Series IV, U.S. Chamber records.

<sup>113</sup> “The National Chamber Alliance for Politics,” April 1979, Folder Pamphlets N, Box 66, Subseries C, Series IV, U.S. Chamber records.

<sup>114</sup> Ibid. “Get-Out-the-Vote for Private Enterprise” on AFL-CIO win rate.

<sup>115</sup> The Black & Decker board approved the use of company resources for the limit campaign. Coalition of American Public Employees, “Capeupdate,” (Washington, D.C.: Coalition of American Public Employees, 1980). “Francis Lucier Death Notice,” *Baltimore Sun*, December 16 2012.

list of “housewives, farmers, factory workers, professionals, a broad spectrum of men and women.”<sup>116</sup> The formulation of the “broad spectrum” may have come from the ACU, whose female organizers frequently emphasized the importance of housewives.<sup>117</sup> Moreover, a 1976 Michigan brochure draft did not mention women much less housewives.<sup>118</sup> Libertarian parties and chambers of commerce were at the top of ACU’s internal lists of groups who supported tax limitation.<sup>119</sup> Later, the general public had access to the text of the Michigan brochure in the *Taxpayer’s Guide to Effective Revolt* by conservative writers Sheldon Engelmayer and Robert Wagman.<sup>120</sup>

In marked contrast, the sponsor of a Proposition 13-style property tax cut also on the 1978 ballot, Robert Tisch, was the drain commissioner of rural Shiawassee County in mid-Michigan. Tisch repeatedly put an amendment on the ballot— known as Tisch in 1978, Tisch II in 1980, and Tisch III in 1982—to cut property taxes by half and require three-fifths of voters to approve a tax increase.<sup>121</sup> In a “Tisch for Governor” flyer, the candidate listed his business qualifications, which diverged from the corporate pedigrees of Headlee amendment organizers: “Commercial Artist, Co-owner of firms engaged in Outdoor Advertising, Mfr. Of School Play Furniture, Cabinets for

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<sup>116</sup> The 1976 version of this question was considerably less snappy: “Q. Who supports the proposed tax limitation amendment? A. The amendment was placed on the ballot by a broad coalition of concerned citizens and taxpayers...” Steve A. Coalition of American Public Employees Rabin, *Limiting Government : Ties That Bind ; a Cape Reader on the Movement to Limit Spending and Taxes and How to Fight Back* (Washington, D.C.: Coalition of American Public Employees, 1980). Rickenbacker, *A Taxpayer's Guide to Survival: Constitutional Tax-Limitation*, 28

<sup>117</sup> For example: “In general, your advisory board and board of directors should consist of a well-balanced mixture of community leaders. It is important to select names that represent as many types of people and groups as possible: professors, businessmen, state legislators, newspaper and media people, farmers, clergymen, housewives, and any interested, well informed and dedicated conservatives from every walk of life.” American Conservative Union State Organizational Manual, 1, Folder 9, Box 45, ACU.

<sup>118</sup> Brochure draft, Question 24 Who supports Proposal C?, Folder TUTL Proposal C (1) 1976, Box 1, TUF.

<sup>119</sup> Memorandum from Martha Tyahla and Yvonne Chicoine to Rich Williamson, Maureen Reynolds, Laura Broderick, and Fran Griffin, April 11, 1978, ACU.

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<sup>121</sup>



Federal Government, Silk Screen Printing Plant, Registered Beef Cattle Farms, Apartment Building.”<sup>122</sup>

Campaigning in Michigan for Tisch, California’s Proposition 13 promoter Howard Jarvis proclaimed he would only vote for the Tisch amendment if he lived in Michigan because, as Jarvis told a Wayne crowd, “One is a political petition and the other one a people’s petition.”<sup>123</sup> Austrian economist Murray Rothbard endorsed Tisch, declaring the NTLC’s “conservative moderates” had the money, but not the guts or vision to “excite the masses.”<sup>124</sup> While Tisch dreamed of fundraising by making a recording with Jarvis set to martial music, Dow Chemical and chambers of commerce topped up Taxpayers United’s war chest to \$1,000,000.<sup>125</sup> The campaign ultimately budgeted to spend \$2,000,000.<sup>126</sup> By contrast, the MEA spent a third of this amount against three proposals: tax limit, tax cut, tuition vouchers.<sup>127</sup> Letters from Tisch supporters were mostly written by hand while those to Headlee were typed on business letterhead.

Class differences created conflict between the tax campaigns as Jarvis attacked tax limitation that fall and Tisch attacked Headlee.<sup>128</sup> In a testy public exchange, Headlee accused drain commissioner Tisch of being the worst kind of special interest—a bureaucrat.<sup>129</sup> Tisch, who like Jarvis was in the apartment leasing business, responded that Headlee’s house in Farmington

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<sup>122</sup> Tisch for Governor; Milchak for State Senate” flyer, Undated, Campaign Memorabilia 1978 – 1982 Folder, Box 1, Robert Tisch Papers, Bentley Historical Library, University of Michigan hereafter Tisch papers.

<sup>123</sup> Nation: Hitting the Road”, *Time*, July 17 1978; Cheryl Johnson, “Area official wants to halve property taxes on ballot”, *The Flint Journal*, June 18 1978, Campaign business- Administrative papers-1976, 1978-1979 Folder, Box 1, Tisch papers; Robert Tisch to The Editor, June 20 1978, Campaign business- Administrative papers-1976, 1978-1979 Folder, Box 1, Tisch papers.

<sup>124</sup> “Victory for Tax Revolt!” *The Libertarian Forum* 11, no. 3 (1978): 1, 8.

<sup>125</sup> John Emshwiller, “Tax-Cut Advocates Fight One Another Instead of City Hall,” *Wall Street Journal*, August 31, 1978, 1.

<sup>126</sup> “Budgets,” Undated, Budget & Finances- Taxpayers United: 1978-1979 Folder, Box 1, RHH.

<sup>127</sup> The NEA contributed \$50,000 to this total. MEA local associations funded local radio spots and newspaper ads are not included in this count. Herman Coleman, “Michigan teachers must again rise to the challenge,” *Teacher’s Voice*, October 23, 1978, 5.

<sup>128</sup> Robert Tisch, “At the Coffee Machine: Tisch on Taxes”, *Michigan Plant & Equipment*, September 1978, Campaign business- Administrative papers-1976, 1978-1979 Folder, Box 1, Tisch papers.

<sup>129</sup> Quoted in “What about those tax proposals?” *Teacher’s Voice*, October 9, 1978, 14.

Hills was probably worth more than all of his property combined.<sup>130</sup> Tisch leaked the ACU's private offer of "thousands of dollars to keep quiet" and support the Headlee amendment, provoking staffers to contain the "ongoing Michigan mess."<sup>131</sup> By the time Tisch and Headlee appeared together before the Detroit Economic Club, the ACU had persuaded Tisch not to comment.<sup>132</sup> Howard Jarvis publicly attacked the National Tax Limitation Committee and the limits it backed in Colorado and Michigan.<sup>133</sup> Uhler wrote to the firm that publicized Jarvis's property tax cuts in California to affirm "free enterprise in ideas" while requesting that tax limit and tax cut advocates not "kill each other off."<sup>134</sup> "The education lobby, public employees unions, League of Women Voters and other such powers are very worthwhile adversaries in their own right" he added.

Conservative politicians, operatives, businessmen, and economists learned from losses that voters wanted more flexible limits, and more property tax relief. Language grafted on to the 1976 Taxpayers United for Proposal C amendment to create the 1978 Taxpayers United for Tax Limitation proposal limited the growth of the property tax assessment base, in Michigan, "state equalized value," subject to taxation in a given year to the rate of inflation.<sup>135</sup> In a letter to Headlee, Uhler explained the new idea was "to deal head on with control over property tax assessments and local spending so as to both eliminate those as issues and ride the political momentum occasioned by the property tax revolt which (gripped) Michigan, California and many other states."<sup>136</sup>

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<sup>130</sup> Quoted in John Emshwiller, "Tax-Cut Advocates Fight One Another Instead of City Hall," *Wall Street Journal*, August 31, 1978, 1.

<sup>131</sup> Yvonne memo to Andy/Stam re Michigan Tax Limitation, October 23, 1978, Folder 11, Box 59, ACU.

<sup>132</sup> Nancy E. Dunn, "Tisch, Headlee trade insults, wisecracks," *Flint Journal*, October 3, 1978.

<sup>133</sup> Lewis K. Uhler to State Tax Limitation Organizations, October 17, 1978, Folder 3, Box 25, Copeland papers.

<sup>134</sup> Lewis K. Uhler to Harvey Englander of Butcher-Ford, October 17, 1978, Folder 3, Box 25, Copeland papers.

<sup>135</sup> The inflation measure used is the consumer price index, the most common measure of inflation but one that is very sensitive to volatile food and energy prices.

<sup>136</sup> Quoted in Martin, *Permanent Tax Revolt*, 117.

Caught off guard by the passage of Proposal 13 in June, the MEA rushed to offer an uneasy combination of tax limitation and school finance reform as an alternative to Headlee and Tisch. The MEA understood Michigan's circuit breaker, much stronger than California's, as protection against a property tax revolt on behalf of the retired couples, widows, and young couples featured in horror stories of families forced out of their homes but recognized that many worried Michigan taxpayers did not seem aware a circuit breaker existed.<sup>137</sup> The MEA endorsed a ballot referendum by one of their own, a Royal Oak teacher and association leader recently elected to fill a vacancy in the state House.<sup>138</sup> Making Tisch's voluntary one percent income tax increase mandatory, slightly raising Headlee's limit to 9.2 percent, transferring a portion of excess revenue to the rainy day fund, and lifting the limit for federal or court-ordered program costs, the legislation satisfied no one.

Two factors in tax limitation's 1976 loss flipped by 1978: the Republican governor's support and teachers unions' position in the courts. The Michigan governor's reluctant endorsement of the Headlee amendment once alternative tax reforms floundered was a sign of changing times. A real estate developer who sat on Taxpayers' United's board advised his friend Governor William Milliken that the only way to win re-election was to take "a strong position in support of the tax limit proposal."<sup>139</sup> In a reprisal of the 1976 legal battle with the MEA, Taxpayers United returned to court. This time, the MEA had sued to keep the Headlee amendment off the

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<sup>137</sup> Michigan's circuit breaker law rebated 60% of property taxes exceeding 3.5% of household income for those under 65, up to \$1,200 of property taxes. For those over 65, the rebates were graduated: 100% of property taxes paid were refunded (up to \$1,200) above a percentage of household income (0% for income under \$3,000; 1% from \$3,001 to \$4,000; 2% from \$4,001 to \$5,000; 3% from \$5,001 to \$6,000; 3.5% for \$6,001 or more). "State property tax has safeguards," *Teacher's Voice*, June 19, 1978, 5.

<sup>138</sup> "Vanek offers way out," *Teacher's Voice*, August 14, 1978, 5. "Vanek Interview: Real tax relief without devastation," *Teacher's Voice*, August 14, 1978, 5. "MEA seeks property tax relief," *Teacher's Voice*, July 17, 1978, 2; "Taxation—Searching for a Cure for The Proposition 13 Epidemic," *National Journal*, August 26, 1978. "Dems offer property tax cut plan," *Teacher's Voice*, September 18, 1978.

<sup>139</sup> John Rapanos to William Milliken, Milliken Papers as quoted in Isaac Martin, 187.

ballot. Yale law professor Robert Bork represented the Michigan tax limit campaign, presumably pro bono.<sup>140</sup> Bork was no stranger to the region's ambitious and controversial plans for spending public funds. As Solicitor General during the Nixon administration, Bork represented midwestern governments appealing integration orders in Detroit's *Milliken v. Bradley* school case and Chicago's *Hills v. Gautreaux* housing case.

Taxpayers United leaders consciously manipulated local control symbols to gain voter support. Headlee argued for local control in language similar to the state's rights plank of the Lee Atwater-articulated Southern Strategy: "So what you have is one level of superior government exercising unrighteous dominion over a lower level of government by mandating programs and then requiring that local level of government to suffer the abuse from the local electorate to raise the taxes to pay for that program."<sup>141</sup> Writing in *The Wall Street Journal* during the height of the tax limitation campaign, University of Michigan economist Paul McCracken argued that voters supported tax limitation because "(p)eople with middle class incomes ... find themselves in neighborhoods where others live just as well and do not work because they find it more congenial to work all the angles of federal programs."<sup>142</sup> L. Brooks Patterson, the Oakland County prosecutor who rode a militant anti-busing platform into office and served on Taxpayers United Advisory Committee in 1976, was optimistic in a letter to Headlee: "I feel a Tax Limitation Amendment

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<sup>140</sup> R. G. Penner to Richard Headlee, June 30 1978, General Correspondence – Jan to Jun 1978 Box 1, Richard Headlee Papers, BHL; Donald Riesig to Robert Bork, October 13 1978, Court Case "Ferency et al. v. Headlee/Taxpayers United" Oct. 1978 Folder, Box 1, RHH.

<sup>141</sup> Richard Headlee, "Limiting state spending and property tax growth" *Proceedings of the Tax Policy for a Healthier Economy Conference*, December 6 1978, Speeches on Tax Limitation: 1963, 1977-1978 Folder, Box 1, RHH.

<sup>142</sup> Paul McCracken, "The new mood on public spending", *The Wall Street Journal*, October 29 1978, James Major to Edwin Jones, February 8 1978, General Correspondence – 1976 Box 1, RHH.

ought to sail through the 1978 election wars like Sherman marching to the sea; but as we learned in our last attempt it all depends on how it is wrapped and presented.<sup>143</sup>

Following this advice, Headlee positioned the Michigan movement as “reasonable, responsible, comprehensive” in comparison to California’s Proposition 13.<sup>144</sup> Headlee’s claim in the *Wall Street Journal* that the Tisch and voucher proposals, each nearly as extreme as Proposition 13, would make it “a lot harder” for Taxpayers United to convince voters to limit “big-spending government,” seems disingenuous in light of this intentional contrast.<sup>145</sup> Taxpayers United framed the 1978 proposal as a tax “limit” rather than a “cut” because Headlee realized “The name of the game is winning” and cuts meant a loss at the ballot box.<sup>146</sup> This strategy allowed Taxpayers United to avoid any explicit discussion of spending priorities, except those voters were solidly opposed to—namely welfare. However, Headlee argued that his framing could ultimately lead to spending cuts, arguing you “can defeat any high cost federal program by making it fight for funds with other public spending interests. You can’t beat it head on.”<sup>147</sup>

Both proponents and opponents of tax limitation focused campaign strategy on voter education rather than voter turnout. NTLC chairman Bill Rickenbacker assumed the 24-30 percent of Michigan voters who had no opinion on the 1976 proposal would support tax and spending limitation in 1978 with “further education” and bolster the slim majority of 53-54 percent already

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<sup>143</sup> L. Brooks Patterson to Richard Headlee, July 1 1978, General Correspondence – July to Dec 1978 Folder, Box 1, Richard Headlee Papers, BHL; Paterson is listed on Taxpayers United letterhead. Taxpayers United to Mrs. Viola Alward, April 5, 1976, Promotional Material for “Headlee Amendment” Folder, Box 1, RHH.

<sup>144</sup> Richard Headlee to Patricia Eisele, July 7 1978, General Correspondence – July to Dec 1978 Folder, Box 1, RHH.

<sup>145</sup> John Emshwiller, “Tax-Cut Advocates Fight One Another Instead of City Hall,” *Wall Street Journal*, August 31, 1978, 1

<sup>146</sup> Richard Headlee, “Limiting state spending and property tax growth” *Proceedings of the Tax Policy for a Healthier Economy Conference*, December 6 1978, Speeches on Tax Limitation: 1963, 1977-1978 Folder, Box 1, RHH.

<sup>147</sup> Richard Headlee, “Government should live within our means”, Undated, Speeches on Tax Limitation: 1963, 1977-1978 Folder, Box 1, RHH.

in support in October 1976.<sup>148</sup> Two years later, a *Detroit News* poll by Market Opinion Research, which also conducted polls for Headlee, found 68 percent of voters in favor of the Headlee proposal, 57 percent for the Tisch proposal, and only 41 percent for vouchers.<sup>149</sup> A differently worded poll by New Detroit, Inc. found much lower support when voters were told the implications of the proposals: “replacement taxes, greater difficulty for government to offer tax breaks to business to create jobs, and less help for schools and persons out of work.” In light of this finding, the MEA president asked teachers to contact their acquaintances and neighbors “to inform them of the consequences of these taxation proposals.”<sup>150</sup> The MEA publication *Teacher’s Voice* dedicated an issue entirely to the ballot proposals, titling one article “You’ve got a big teaching job now; The stakes are high; It could mean your job.”

Unique among states to pass limits on taxing and spending in the 1970s, Michigan imposed local limits and restricted revenues not expenditures. As Michigan required a balanced budget, taxing and spending finance forms were equivalent. By excluding voter-approved bonds from the revenue limit, the 1978 amendment authors argued they would prevent non-voted taxes to repay debt.<sup>151</sup> The implication was that the resolution of the 1973 Detroit school financial crisis—a non-voted city income tax—described in Ch. 4 “Tax the Rich” would become illegal. The executives of New Detroit, Inc., a civic organization formed to bring jobs and peace after the 1967 uprising, weighed their “corporate interests against their commitment to economic development in Detroit” and voted unanimously against supporting the Headlee proposal.<sup>152</sup> If limits had been in place

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<sup>148</sup> William Rickenbacker, “The National Tax Limitation Committee,” *St. Croix Review* 11-12 (1978): 11-14.

<sup>149</sup> News and Views, “Confused and undecided voters,” *Teacher’s Voice*, October 23 1978, pg. 4.

<sup>150</sup> Keith Geiger, *Teacher’s Voice*, October 30, 1978, 1.

<sup>151</sup> National Conference of State Legislatures, “The Legislator’s Guide to State Tax and Spending Limits”, January 1979, 50, Folder 4, Box 7, Copeland papers.

<sup>152</sup> What about those tax proposals?” *Teacher’s Voice*, October 9, 1978, 14.

earlier in the decade, the National Conference of State Legislatures argued school finance reform would have been difficult.

Tisch thought fifteen percent of teachers should lose their job, but Michigan voters disagreed and voted the property tax cut and the voucher proposal down.<sup>153</sup> The Headlee tax limit passed with 52.5 percent of the vote, and once the calculations settled, the limit started at 9.84 percent of personal income.<sup>154</sup>

Following the passage of the Headlee amendment in 1978, University of Michigan economists surveyed voters about their reasons for voting for or against the spending limitation, finding the only government programs voters wanted to cut was welfare.<sup>155</sup> Headlee's internal polling found much the same state spending preferences before the election, adding parks and recreational facilities to the cut list.<sup>156</sup> For supporters of the Tisch property tax cut, welfare was code for Detroit. In later years, Headlee described Detroit as a "massive entitlement scheme" and welfare as "rewarding failure."<sup>157</sup> The welfare-Detroit association stuck. In 1985, when a pollster interviewed newly minted "Reagan Democrats" of Macomb County north of Detroit—union members and working-class voters who left the Democratic Party—he found a general feeling that "Detroit was just a big pit into which the state and federal governments poured tax money never to be heard from again."<sup>158</sup>

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<sup>153</sup> Martin omits the voucher proposal but tells the story of Tisch v. Headlee. Martin, *The Permanent Tax Revolt*, 115-118.

<sup>154</sup> J. Ward Wright, *Tax Limitation: A Policy Perspective* (HUD Grant No. H-5058, The Council of State Government, February 1981).

<sup>155</sup> Paul N. Courant, Edward M. Gramlich, and Daniel L. Rubinfeld. "Tax Limitation and the Demand for Public Services in Michigan." *National Tax Journal* 32, no. 2 (Jun, 1979): 147

<sup>156</sup> In August 1978, a 50% to 25% plurality of voters were "willing to have a reduction in state government services if it were accompanied by a constitutional limit on taxes..." Market Opinion Research, Michigan statewide study prepared for: Taxpayers United for Tax Limitation. August, Promotional Material for "Headlee Amendment": Taxpayers United 1977-1978 Folder, Box 1, RHH.

<sup>157</sup> Headlee interviewed in Deborah Kaplan, "Winter of Discontent," *The Metro Times*, March 6, 1991.

<sup>158</sup> Stanley Greenberg, "Macomb County in the American Mind" in *Middle Class Dreams* (New Haven: Yale University Press, 1996): 39.

## Federal Limitation

After his home state victory, Tennessee legislator David Copeland traveled the country in support of tax limitation, which only a few years before had been a “dirty word.”<sup>159</sup> With the exaggerated pride of a winner, Copeland told a *Washington Post* reporter that the movement for tax limitation was “the most important philosophical change in the operation of government in 200 years.”<sup>160</sup> One of Copeland’s first stops was Denver, where ALEC and tax limitation supporter Joe Coors gave the Tennessee state representative a personal tour of his brewery.<sup>161</sup> Copeland’s 1978 Tennessee limit was a return on Coors’ investment in Uhler’s 1976 Michigan campaign. ALEC named Copeland its 1978 state legislator of the year during the organization’s annual meeting in Sun Valley, ID.<sup>162</sup> Chairman Louis “Woody” Jenkins of Louisiana, himself an early adopter of tax limitation, announced the award, commending Copeland’s leadership, drive, and zeal. The work took a toll: at the end of the 1978 legislative session, Copeland fell ill, was hospitalized, and “out of circulation for close to two and a half months.”<sup>163</sup> Others followed in Copeland’s lead.

The plan had always been to amend the U.S. constitution. Days before the 1973 California election, Proposition 1 campaign staff had motivated volunteers: “Win—lose—or draw—we are dedicated to...making it SPREAD ACROSS THE COUNTRY TO THE BANKS OF THE

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<sup>159</sup> Copeland quoted on audiotape of "Tax Limitation" panel with Donna Carlson, David Copeland, Richard Headlee, Harry Bandouveris at CPAC '79, Folder 106, Box 116, ACU.

Kuttner, *Revolt of the Haves*, 143.

<sup>160</sup> Haynes Johnson, "Revolt," *The Washington Post*, June 11 1978.

<sup>161</sup> Coalition of American Public Employees Assistant Director Patricia Ford-Roegner, Speech to the 1979 MEA Summer Leadership Conference, *Teacher's Voice*, February 25 1980.

<sup>162</sup> Ethos, Inc. press release “Copeland Receives National Legislator of Year Title”, Folder 6, Box 18, Copeland papers.

<sup>163</sup> Copeland November 21, 1979 deposition in lawsuit by Ethos, Inc. against NTLC heard in Chancery Court in 1979, Civil Action No. 79-765-P, Folder 5, Box 24, Copeland papers.



POTOMAC.”<sup>164</sup> Jack Kemp, U.S. Representative from New York and co-author of the epochal 1981 Kemp-Roth tax cut, introduced federal legislation modeled on California’s in 1973.<sup>165</sup> Uhler hoped six to eight state limits would convince the U.S. Congress to approve federal constitutional tax limitation, while the ACU’s Phil Crane set the range at twelve to fifteen.<sup>166</sup>

Two months after the Tennessee win, ALEC and Uhler’s National Tax Limitation Committee held a National Legislative Conference on Tax Limitation on May 19-21, 1978 in Chicago with 300 participants from 38 states.<sup>167</sup> Of course, Milton Friedman gave the keynote address during a luncheon panel featuring leaders of the ACU, NTLC, and ALEC. State tax limitation campaign leaders from Michigan, Massachusetts, and Tennessee presented on “Putting the People and Organization Together” while familiar economists Niskanen and Stubblebine took on analysis and zero-based budgeting. At ALEC’s spring workshop, ACU chairman Phil Crane had pointed out an important difference between state and federal limits: the federal government could create new revenue by printing money.<sup>168</sup> The federal effort, he warned, must ‘inflation proof’ the system by indexation, a concept the Heritage Foundation presented on.<sup>169</sup>

Passed on June 6, California’s Proposition 13 raised interest in and competition over tax reform at all levels of government. During the summer of 1978, a U.S. representative from Minnesota who co-sponsored a federal constitutional amendment solicited tax-deductible

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<sup>164</sup> Terry Chambers memo to all Area Coordinators, County Chairmen, Community Chairmen, November 5, 1973, Box GO 114, CFLT—Weekly Memos (3/3) Folder, Series IX: Proposition One, 1973, Ronald Reagan Governor's Papers, Ronald Reagan Library.

<sup>165</sup> Lewis K. Uhler to Members of the Federal Tax Control and Spending Limitation Amendment Drafting Committee, August 4, 1978, Folder 3, Box 25, Copeland papers.

<sup>166</sup> News From Congressman Philip M. Crane, “Crane Plan to Limit Taxes Unveiled,” September 14, 1977, Folder 21, Box 100, ACU.

<sup>167</sup> David Copeland, “Tennessee’s Best,” Remarks to Chattanooga Chamber of Commerce Coffee Club, July 25, 1978, 5, Folder 8, Box 17, Copeland papers.

<sup>168</sup> Statement of Rep. Phillip M. Crane (R-IL) Chairman of the American Conservative Union at the National Legislative Conference on Tax Limitation and Fiscal Responsibility, May 21, 1978, Folder 9, Box 21, Copeland papers.

<sup>169</sup> ALEC, National Legislative Conference on Tax Limitation and Fiscal Responsibility brochure, May 19, 20, 21, 1978, Lincolnshire Marriott Hotel, IL, Folder 3, Box 25, Copeland papers.

donations for ALEC's Tax Reduction Program.<sup>170</sup> However, the property tax cut also increased disagreement over the means of reduction: California's "rolling back and limiting taxes" or Tennessee's "limiting future taxes of growth."<sup>171</sup> Copeland urged the president of the National Taxpayers Union to begin a "national dialogue among organizations whose objectives" were similar but efforts fragmented to reach consensus on the right approach. After Prop 13 passed, *Reader's Digest*, which had planned an article on Tennessee's amendment, instead condensed a piece from *Time* on California.<sup>172</sup>

The movement and business conservatives who supported tax limitation claimed credit for the 1978 tax revolt. Soliciting donations for a fall NTLC conference, sponsors argued "serious observers of the movement" like *Dunn's Review*, *Forbes*, and *Business Week* knew Tennessee's Proposition 9, not California's Proposition 13, was the starting point.<sup>173</sup> Surely thinking of its early 1970s campaign for a federal spending ceiling, the U.S. Chamber's *Washington Report* editorial on Proposition 13 noted that California voters had not begun the tax revolt, and would need to cut spending too.<sup>174</sup> In the ALEC newsletter *First Reading*, Copeland acknowledged that California's property tax cut and Tennessee's tax limit were "only two ways through which the taxpayers have voiced their discontent with the present system."<sup>175</sup> Other types of spending

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<sup>170</sup> Tom Hagedorn to Taxpayer, stamped "Received Aug 13 1978 Spencer Library," call no. RH WL Eph 270.1 in Wilcox Collection of Contemporary Political Movements, The University of Kansas Libraries, Kenneth Spencer Research Library.

<sup>171</sup> David Y. Copeland, III to Mr. Jim Davidson, June 30, 1978, Folder 5, Box 21, Copeland papers.

<sup>172</sup> Timothy S. Condon, Western Director of the NTU to Representative David Y. Copeland, undated, Folder 9, Box 21, Copeland papers.

<sup>173</sup> Ray Evans sponsorship letter, undated, Folder 6, Box 18, Copeland papers.

<sup>174</sup> "Tax Revolt," *Washington Report* vol. 1, no. 1, October 2, 1978, 2, Folder "Washington Report" 1977, 1979, Series IV, Subseries B, Subseries C, Series IV, Box 65, U.S. Chamber records.

<sup>175</sup> *First Reading*, call no. RH WL D2740 Winter 1978 in Wilcox Collection of Contemporary Political Movements, The University of Kansas Libraries, Kenneth Spencer Research Library.

restraints would surface, and a more viable one could be found, likely in “the legislators' idea bank for those who hold government should be controlled by the governed,” ALEC.<sup>176</sup>

That summer, another conference sought to broaden the base of tax limiters. Alongside tax groups like ACU’s ACT NOW, ALEC, NTLC, NTU, general conservative groups like the Young Americans for Freedom and established tax groups like the Tax Foundation joined the ACU’s Taxpayers Action Conference on July 28-29, 1978 in St. Louis, MO.<sup>177</sup> The registration list included tax limitation campaign leaders from Missouri, Illinois, Michigan, Massachusetts, South Dakota, and Washington in addition to ACU leaders Phyllis Schlafly and Phil Crane and the ALEC president.<sup>178</sup> Representatives from the National Association of Realtors, the Teamsters, the anti-busing National Association of Neighborhood Schools, and the National Association of Manufacturers were present as well.

As tax limiters prepared to try again in Michigan and other states, they published increasingly professional how-to guides. In a newsletter for the growing membership of state conservative unions, the ACU recommended recruitment and contact methods, and coordinated calls, letters, telegrams, and as a last resort, form letters to pressure the U.S. Congress.<sup>179</sup> Once, the ACU asked members to “Send A Tea Bag To Your Legislator.”<sup>180</sup> The ACU published Phil Crane’s *Tax Limitation: The Time Is Now* and distributed the NTLC’s *A Taxpayer’s Guide to Effective Tax Revolt*.<sup>181</sup> Rickenbacker filled the popular *Taxpayer’s Guide*, sold by local tax organizations and promoted by Ronald Reagan, with stylized cartoons and engaging stories—he

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<sup>176</sup> American Legislative Exchange Council, Annual Report, 1980, call no. RH WL P2287 1980 in Wilcox Collection of Contemporary Political Movements, The University of Kansas Libraries, Kenneth Spencer Research Library.

<sup>177</sup> Legislative Report, ACU Board Meeting, September 11, 1978, Folder 8, Box 71, ACU.

<sup>178</sup> ACT (Americans to Cut Taxes Now) conference in St. Louis July 28-29, 1978 registration list, Folder 6, Box 18, Copeland papers.

<sup>179</sup> American Conservative Union State Organizational Manual, undated, Folder 9, Box 45, ACU.

<sup>180</sup> Fran Griffin to Lloyd Siegel, June 14, 1978, Folder 21, Box 100, ACU.

<sup>181</sup> Legislative Report, ACU Board Meeting, September 11, 1978, Folder 8, Box 71, ACU.

opened with the tale of Friedman's Nobel.<sup>182</sup> Even public sector unionists had seen Rickenbacker's "book that's been around a lot."<sup>183</sup>

ACU state chapter members had voted to make tax limitation a priority in May 1977. The ACU committed \$100,000 to a Tax Limitation Task Force to work in Michigan, Illinois, and Massachusetts with veterans of California's Proposition 1 including Bob Carleson, Charles Hobbs, Richard Kazen, Clay LaForce, and Frank Walton.<sup>184</sup> To state conservative unions running tax limitation campaigns, the ACU offered signed letters or a personal appearance from chairman Phil Crane, in addition to staffers and resources.<sup>185</sup> The Massachusetts tax limitation campaign previewed a pattern: voters rejected a graduated income tax but passed property tax cuts for the poor and elderly, business associations mobilized for tax limitation instead, launching their ballot initiative or referendum with a visit by Milton Friedman, collecting material from campaigns in California, Michigan, and Tennessee, and recruiting at least one Democratic campaign sponsor.<sup>186</sup>

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<sup>182</sup> Missouri's Taxpayers Survival Association sold copies through its newsletter "Don't Laugh: You're Paying For It!" Joseph H. Taxpayer's Survival Association Straughan, "Don't Laugh, You're Paying for It!," (Springfield, MO: Taxpayers Survival Association). Ronald Reagan advertised the *Taxpayer's Guide* on his nationally broadcast radio program. Ronald Reagan Radio Commentary Sound Recordings, 1967-1980, Hoover Institution Archives.

<sup>183</sup> SEIU Public Workers Conference, "Tax Politics: Excerpts and Highlights from Part 1 of the SEIU Public Workers Conference, Washington, D.C., November 13-16, 1978", 22.

<sup>184</sup> John Jacobs, "Tax Limitation Legislation Favored by Friedman Group," *Washington Post*, September 14, 1977, Folder 14, Box 100, ACU. Yvonne Chicoine memo re Tax Limitation to ACU State Chairmen and Executive Directors, November 14, 1977, Folder 21, Box 13, ACU.

<sup>185</sup> Phil Crane Memorandum to ACU state affiliates and state affiliate leaders, May 22, 1978, Folder 19, Box 100, ACU.

<sup>186</sup> In Massachusetts, where locally elected school committees had independent budget authority but accepted state aid for schools, the state's League of Women Voters renewed a push to graduate the income tax but settled for property tax circuit breakers. The groups who led the no campaign, Citizens for Limited Taxation, the Associated Industries of Massachusetts, and the Massachusetts High Technology Council, next focused on tax limitation. In September 1977, these groups launched a Tax Limitation Amendment with a Boston visit from Milton Friedman, who told the press that he had learned from the "big mistake in California" not to "foolproof" and thus overcomplicate tax limitation. Four hundred people paid \$25 a plate lunch to hear Friedman. The president of the Associated Industries of Massachusetts requested Tennessee's "How Much Taxation is Too Much Taxation" leaflet. One state legislator collected a folder of material from California's 1973 Proposition 1 and Michigan's 1976 Proposal C, another wrote for more material from Tennessee's still unnumbered proposal. NTLC Chair William Rickenbacker named Boston's Democratic city council president as a "founder of the tax limitation movement" in Massachusetts. December 29, 1971 memo, Box 21, Folder Graduated Income Tax Committee 1971-1972, League of Women Voters of Massachusetts, Schlesinger Library, Harvard University. John Jacobs, "Tax Limitation Legislation Favored by Friedman Group," *Washington Post* (September 14, 1977), Folder 14, Box 100, ACU. William F. Rickenbacker to Richard Viguerie, September 21, 1977, Michigan Drawer, Rickenbacker Memos Folder,

Pedigreed scholars joined the cause. Yale Law School professor Robert Bork, in the midst of rehabilitating himself as an antitrust scholar after his controversial term as acting Attorney General in the Nixon administration, served as “chief scrivener.”<sup>187</sup> With the support of economist Craig Stubblebine’s Center for the Study of Law Structures at Claremont College, Bork drafted a memo for the federal drafting committee to review on September 22, 1978 at the Mayflower Hotel in Washington, D.C. A Michigan pollster and a D.C. PR man joined Bork, the economist Bill Niskanen, Reagan advisor Robert Carleson, and Uhler on the agenda.<sup>188</sup> Around that time, Bork also joined Michigan tax limitation frontman Richard Headlee at an AEI Public Policy Forum “Should we impose constitutional limits on the growth of government?”<sup>189</sup>

The ACU rebranded its Task Force for Tax Limitation as the Americans to Cut Taxes Now (ACT NOW) Committee to remove “conservative” from a campaign it hoped would cross ideological lines.<sup>190</sup> Distinguishing between union members and union bureaucrats, the ACU wanted public employees’ support for “No Growth for Government.” ACU chair Phil Crane thought a ceiling on government employees would reduce “upper levels of bureaucracy, top-heavy with unneeded administrators” gradually through attrition.<sup>191</sup> In the meantime, Crane warned tax limiters not to “ever underestimate the extent of the opposition’s power.”<sup>192</sup> Public sectors

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LKU. Robert A. Chadbourne to Taxpayers Coalition, September 9, 1977, Folder 9, Box 21, Copeland papers. The Andrew Natsios collection held at the State Library of Massachusetts. Rickenbacker, “The National Tax Limitation Committee.”

<sup>187</sup> Lewis K. Uhler to State Rep. David Copeland, August 8, 1978, Folder 3, Box 25, Copeland papers.

<sup>188</sup> Lew Uhler to Members of the Federal Tax Control and Spending Limitation Amendment Drafting Committee, September 8, 1978, Folder 3, Box 25, Copeland papers.

<sup>189</sup> Bork is listed as a NTLC member in “Group Will Propose Amendment to Curb Spending and Taxation,” *New York Times*, July 27, 1978. The AEI discussion is announced in “Washington Update—Constitutional limits on spending,” *National Journal*, September 30, 1978.

<sup>190</sup> Memorandum from Martha Tyahla and Yvonne Chicoine to Rich Williamson, Maureen Reynolds, Laura Broderick, and Fran Griffin, April 11, 1978, Folder 19, Box 100, ACU.

<sup>191</sup> Philip Crane, “National Marketing Strategy,” National Taxpayers Action Conference, St. Louis, Missouri, July 29, 1978, Folder 11, Box 100, ACU.

<sup>192</sup> Philip M. Crane, with David Copeland and Donald Totten, *Tax Limitation: The Time is Now* (1978), 15.

employees and their unions had “experienced and efficient campaign managers” with money to spend and an organizational structure to mobilize.<sup>193</sup>

Unlike competing tax networks, labor coalitions did not cooperate. A new group, the Coalition of American Public Employees (CAPE), represented the majority of public employees when, dissatisfied with the AFL-CIO’s Public Employee Department, the American Federation of State, County, and Municipal Employees (AFSCME) and the National Education Association (NEA) founded CAPE in 1972. CAPE published a collection of tax limit materials and liberal tax policy alternatives to help locals organize in *Limiting Government: Ties That Bind* in 1978.<sup>194</sup>

At the 1978 AFSCME convention, President Jerry Wurf characterized California’s Proposition 13 property tax cut as “a public outcry for fair play.”<sup>195</sup> The Service Employees International Union (SEIU) too thought the lesson of Proposition 13, besides the limitation of lawsuits, which were thrown out, and advertising, which its consultants had mishandled, was to “offer a better alternative.” At the SEIU’s 1978 Public Workers Conference, devoted in part to “tax politics,” the Los Angeles mayor who had fought off Prop 1 but not Prop 13 urged union members to be “active in the shaping of positive tax reform measures.”<sup>196</sup> The SEIU-listed alternatives included: progressive income tax, state funding for education, health, and welfare; circuit breakers, homestead exemption, classification; sales tax exemptions for food, drugs, and clothing. It was “every union leader’s responsibility” to “actively support” such tax reforms at all

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<sup>193</sup> Ibid.

<sup>194</sup> Rabin, *Limiting Government: Ties That Bind*. In 1980, CAPE advertised an updated version of the reader alongside a presentation from the Michigan Education Association on running a referenda campaign. Employees, “Cape Update.” <

<sup>195</sup> Lester A. Clifford Mary Elizabeth Fickes Joseph Orlofsky Stephen Facts on File Inc Sobel, *The Great American Tax Revolt* (New York: Facts on File, 1979), 122.

<sup>196</sup> Thomas Bradley quoted in Bob Welsh, Bob Muscat, and Howie Tumlin, “The Real Tax Crisis and What You Can Do About It: An SEIU Guide to State and Local Tax Reform,” 1978, SEIU Local 50, Missouri State University, Special Collections and Archives.

levels of government, the mayor went on. Many union leaders supported these alternatives, and yet voters wanted more.

Public sector unions urged members to cut government costs by the end of 1978. In a Service Employees International Union booklet titled “The *Real* Tax Crisis and What You Can Do About It,” international president George Hardy argued that his members would “continue to be blamed for the high cost of public services unless we take the lead in calling for better management and increased productivity in government.”<sup>197</sup> Robert P. Muscat, International Public Employee Coordinator on “government efficiency” and “government waste,” offered the SEIU California chapter model: monitor budgets to cut inefficiency and waste directly. The AFT advocated two of the same responses—“creative efforts at tax reform and tax justice” and scrutiny of “government efficiency and waste.” However, teachers believed “larger economic solutions” to “control inflation” and “federalize welfare” were also needed.<sup>198</sup>

After the 1978 election season, the NTLC tallied five victories, one short of Uhler’s minimum criteria to launch the federal limit campaign.<sup>199</sup> The ACU supported tax limitation elections in Colorado, Michigan, Arizona, Texas on November 7, 1978, and had worked in South Dakota, Missouri, Minnesota, Iowa.<sup>200</sup> Legislators in Georgia introduced a bill, there were plans for Washington, Florida, and Ohio.<sup>201</sup> However, a public employee coalition fought off tax limitation in Ohio. Despite the support of the ACU, chaired by Illinois state legislator Phil Crane,

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<sup>197</sup> Ibid.

<sup>198</sup> James G. Ward, “The Tax Limitation Movement: The Facts and Issues,” in *NYSUT Division of Research and Educational Services Files. 1960-1998* (Cornell University, Kheel Center for Labor-Management Documentation & Archives, 1978).

<sup>199</sup> William F. Rickenbacker to Rosser Reeves II, May 3, 1979, Michigan Drawer, Rickenbacker Memos Folder, LKU.

<sup>200</sup> Wick called the NTLC’s Uhler, who put him in touch with the economist Craig Stubblebine, and the ACU’s Chicoine, who put him in touch with the Illinois legislator Don Totten. Hal G. Wick, “Report on the Tax Limitation Amendment As Introduced in the South Dakota House of Representatives,” undated, 1-3, Folder 19, Box 100.

<sup>201</sup> Lew Uhler at CPAC '79--“Tax Limitation” cont'd, Tape Side 2, Box 107, ACU.

the 1978 Illinois tax limit failed. In Boston, Uhler and the NTLC's research director worked closely with a campaign that changed direction when leadership shifted and Proposition 13 passed; the measure that the Massachusetts legislature sent to the ballot in December 1978 bore only a faint resemblance to Uhler's ideal.<sup>202</sup> After a waiting period and court review, Massachusetts voters approved Proposition 2 ½ in 1980.

As the first successes rolled in, financial, strategic, and personal differences strained the tax limitation coalition. Uhler hired a local public relations firm to plan and film the NTLC's November 1978 Nashville conference to launch federal tax limitation after state election victories. Had it been finished, "Tax Limitation: Reason of Revolution?" would have been distributed to businesses and K-12 schools for employee and student education. Working with direct mail impresario Richard Viguerie, the local firm sent out a tax limitation mailing.<sup>203</sup> When a Tennessee public relations firm sued for payment for its work on the documentary, NTLC officers requested an audit.<sup>204</sup> After clashing with Uhler over the NTLC's "bad reputation for financial management," the failed film, and sporadic newsletters, which, when written by Uhler, lacked "a graceful and interesting English prose style, or a sense for news," Chairman Bill Rickenbacker bowed out as the federal campaign picked up.<sup>205</sup> Perhaps the rift was due to ideology: Rickenbacker urged Uhler to make the tax limitation movement bigger than the ACU, and to distance it from "such partisans as Kemp."<sup>206</sup> Still, Rickenbacker reminded Uhler of his "greatest

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<sup>202</sup> Eugene Meyer. Box 20, Folder Tax Cap, Andrew Natsios Papers. Tax-Limitation News, Winter 1977-1978, Folder 5, Box 101, ACU.

<sup>203</sup> Copeland requested new conservative names be added to the local stalwarts: Amway, South Carolina people, Paul Weyrich's Committee for the Survival of a Free Congress and Heritage Foundation. David Copeland to Paul Keckley, October 2, 1978, Folder 6, Box 18, Copeland papers.

<sup>204</sup> Copeland November 21, 1979 deposition in lawsuit by Ethos, Inc. against NTLC heard in Chancery Court in 1979, Civil Action No. 79-765-P, Folder 5, Box 24.

<sup>205</sup> Coopers & Lybrand Certified Public Accountants, National Tax Limitation Committee Statement of Revenue and Expenditures and Changes in Fund Balance, May 25, 1979, Michigan Drawer, Rickenbacker Memos Folder, LKU.

<sup>206</sup> WFR to Lew Uhler, undated note likely from 1977, Michigan Drawer, Rickenbacker Memos Folder, LKU.



strengths:” equanimity, joviality, zeal, urge, the ability to convey dignity and portentousness.<sup>207</sup> An unincorporated association under California law, the National Tax Limitation Committee was under Uhler’s control. For several months as Uhler reorganized, Copeland and other “perfunctory” or “honorary” board members did not hear from the operative.<sup>208</sup>

How could a disorganized financial planner organize tax revolt? By the fall of 1978, Uhler had 60,000 names of “NTLC disciples” on his own mailing list.<sup>209</sup> With new donors willing to pay to limit their taxes, anything seemed possible. However, Uhler did not relish making the “ask” for money. Uhler had always kept some distance from the independently wealthy conservatives he worked with—economist Bill Niskanen had timber money from his Bend, Oregon family; investor Bill Rickenbacker had airline money from his famous WWII pilot father. Rifling through his files, stashed haphazardly in boxes and cabinets, stacked precariously on shelves and floors, I saw numerous lawsuits and IRS investigations that implied Uhler has not always paid on time, or what he owed. At a certain point, his wife Cindy started paying the bills, surely a difficult feat to manage in a household where her husband liked control. Uhler, lamenting their “internecine warfare” and “debilitating combat,” suggested to Rickenbacker that their disagreement about whether to accept certain accounting practices was part of long-running discussions about how much control corporations should have over the campaign, which increasingly relied on direct mail contributions.<sup>210</sup> However, in 1978, the committee spent almost as much as it raised on mailing, just over one million dollars.

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<sup>207</sup> In a flurry of memos on May 18, 1979, Rickenbacker raised long-standing issues about the NTLC’s finances, including that the committee rented offices from Uhler’s real estate business. Bill Rickenbacker to Lew Uhler, May 18, 1979; Bill Rickenbacker to Diane Sekafetz, May 18, 1979; Bill to Lew, June 13, 1979, Michigan Drawer, Rickenbacker Folder, LKU. William F. Rickenbacker to Lew, April 13, 1979, Michigan Drawer, Rickenbacker Memos Folder, LKU.

<sup>208</sup> Copeland quoted in *ibid.*

<sup>209</sup> Paul Keckley to David Copeland, October 25, 1978, Folder 6, Box 18, Copeland papers.

<sup>210</sup> Lewis K. Uhler to William F. Rickenbacker, June 5, 1979, Michigan Drawer, Rickenbacker Folder, LKU.

By the end of 1978, federal tax limitation was an idea too big to pause. Business associations that actively supported state limits such as the American Farm Bureau Federation, the U.S. Chamber of Commerce, the National Association of Manufacturers, the National Federation of Independent Business, and the United States Industrial Council lined up for the federal campaign.<sup>211</sup> Tax limiters spoke at the ACU's increasingly influential Conservative Political Action Conference: a 1979 panel included Donna Carlson and Harry Bandouveris of Arizona, David Copeland of Tennessee, and Richard Headlee of Michigan.<sup>212</sup> By 1981, the tax limitation operation was inside the White House, where Office of Management and the Budget economist Annelise Anderson managed the many conferences and hearings on tax limitation that flooded Washington, D.C. after Reagan's inauguration.

Uhler and the National Tax Limitation Committee joined forces with the rival tax organization the National Taxpayers Union, then campaigning for a balanced budget amendment to the federal constitution. Though known as the "BBA," the legislation that the NTU and NTLC co-wrote was also for tax limitation. There are two ways to amend the U.S. constitution: by an act of the U.S. Congress, or by a convention of the states. For the rest of the decade, BBA supporters tried both but fell short of the supermajority margin of congressional votes and state resolutions.

The U.S. Congress came within four dozen votes of constitutionally limiting overall spending in 1982. Riding Reagan's coattails, Republicans picked up 34 seats in the U. S. House and 12 seats in the U. S. Senate; the moment had arrived to try for federal tax limitation. After all these decades, Uhler remembers the high political drama as if he were whipping votes yesterday.

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<sup>211</sup> Lee Hamilton, Position Paper on Proposed Constitutional Amendments to Balance the Federal Budget and Limit Federal Spending, March 1, 1979; Lee Hamilton, "An Idea Whose Time Has Come: Constitutional Limitations On Federal Spending," Texas Association of Business' 57th Annual Conference of Business and Industry, San Antonio, Texas, October 25, 1979, Folder 22, Box 100, ACU.

<sup>212</sup>

The Senate passed the BBA on August 4, 1982 with 69 yes votes, including from a number of Democrats, and 31 no votes.<sup>213</sup> Under Speaker of the House Tip O’Neill’s leadership, the Ways and Means Committee refused to pass the BBA. The only way around the speaker was a petition to discharge the bill from committee and force a floor vote. At any given time, 205 or 206 representatives’ names were on the discharge petition; as Uhler’s team added a new name, the Democratic Party leadership would convince a representative to remove their signature lest 218 names trigger the roll call. Uhler developed a strategy to go “below the radar.” Each morning, BBA supporters met in a congressional office to pick a representative to target that day.<sup>214</sup> Uhler had a Southern California public relations team on retainer to call reporters from the chosen representative’s district, who would in turn reach out to their representative to inquire why they were not supporting the BBA. Four hours later, the representative would call Uhler and plead “uncle.” Uhler asked for the representatives’ support, but not their signature. With a dozen or so additional signers pledged, Uhler invited vice president George H. W. Bush to convey President Reagan’s support for the BBA in an anteroom off the House floor. Lock step, the representatives filed into the chamber and signed the discharge position; the full House would vote. Thus, the BBA made it farther than any other constitutional amendment for fiscal discipline. Nevertheless, the final vote was 236 to 187, 46 votes short of the required two-thirds majority.<sup>215</sup> The

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<sup>213</sup> S.J. Res. 58. Then-Judiciary Committee chairman Orrin Hatch, R-UT, had advocated tax limitation since the 1970s. Senate Judiciary Committee, Senate Report 105-3 - THE BALANCED-BUDGET CONSTITUTIONAL AMENDMENT, January 30, 1997, Accessed August 7, 2021. <https://www.congress.gov/congressional-report/105th-congress/senate-report/3/1>.

<sup>214</sup> Alternating between Mickey Edwards’s and Phil Graham’s office.

<sup>215</sup> H.J. Res. 350 was voted on by voice and thus a roll of party switchers is not available. Excluding 12 abstentions, the yes vote was 55.79 percent. 282 yes votes were required to reach a 66.67 percent majority. Constitution, Jefferson’s Manual, and Rules for the House of Representatives of the United States One Hundred Seventeenth Congress (House Document No. 116-177) (2021): 86: “The vote required on a joint resolution proposing an amendment to the Constitution is two-thirds of those voting, a quorum being present, and not two-thirds of the entire membership.”

amendment was unlikely to pass in a 243 D to 192 R U. S. House but nearly one-fifth of the Democratic Party caucus voted for it.<sup>216</sup>

Tax limiters turned back to states before trying again in the U. S. Congress in 1984. Uhler ran into opposition from fellow Republicans in addition to Democrats when he urged state legislatures to pass resolutions calling for a federal constitutional convention. As Uhler tried to save his grandest political campaign yet, John Birch Society members who feared a “runaway convention” blocked the state resolution strategy from the right. Phyllis Schlafly’s Eagle Forum, perhaps recognizing that once called to limit taxes, a federal constitutional convention could also add the Equal Rights Amendment she had blocked throughout the 1970s, also opposed a federal constitutional convention. Still, 33 legislatures out of the 34 required made the call.<sup>217</sup> When Uhler revived the BBA state constitutional convention campaign in 2010, legal questions surfaced about how long state resolutions remained in effect.

## **Conclusion**

After the federal limit fell one state short of a constitutional convention, Uhler continued to shape the conservative movement. When Uhler finally wrote up his experience in the 1989 Regnery-published book *Setting Limits*, he canceled the nationwide book tour to re-launch his next campaign, for term limits.<sup>218</sup> Despite his success shortening the terms of state legislators in California and across the country, Uhler now regrets the time he put into an idea that has only given more power to bureaucrats, who do not face the same time restrictions as their elected bosses. Others credit term limits with an increase in lobbying by groups like ALEC. Over the years, Uhler

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<sup>216</sup> <https://history.house.gov/Institution/Party-Divisions/Party-Divisions/>

<sup>217</sup> <Check>

<sup>218</sup> Yale 1955 Class Book, 1995, 231-2.

consulted with Pope John Paul II about taxes and fertility, and advised U.S. Representative Paul Ryan on gerrymandering state legislatures. Disappointed by big businesses' willingness to compromise, Uhler has sought out ideologically committed small businesses to fund his new campaigns. When he travels to Virginia for the annual conference of the Council for National Policy, Uhler attends the Tax Cut Working Group hosted by Grover Norquist.<sup>219</sup>

In the mid-1990s, Lew's wife Cindy started her own capital campaign, founding an evangelical church, Granite Bay, which has grown to thousands of members and several campuses. Loathe to retire, Uhler played golf on the side, and developed courses in suburban Sacramento and southern California.<sup>220</sup> Before family dinners, Uhler prays in the name of his latest campaign to "Rescue" California from renewed campaigns for rent control and a split property tax roll. After a sixty-decade political career, some things never change. However, the California of today is not the California of Ronald Reagan's governorship; K-12 school spending has fallen, and AFT locals are striking and bargaining protected by law. United Teachers Los Angeles lost the 2020 split property tax roll ballot initiative with a smaller margin than labor's last attempt to partially repeal Proposition 13. The Gann tax limitation measure, the "Spirit of 13," remains.

Conservative ideologues and businesses transformed government services through anti-democratic fiscal control. The American Legislative Exchange Council's political action committee flipped the Michigan Senate Republican by recalling two legislators who supported an income tax increase in 1982.<sup>221</sup> By the end of the decade, Detroit schools were under mayoral

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<sup>219</sup> The Uhler now wonder whether the \$2,000 conference fee is worth it. Nonetheless, they go, and stay with lobbyist Bill Shaker. Until his death, the Uhlers stayed with economist Bill Niskanen, and his various wives, during their D.C.-area travel.

<sup>220</sup> Yale 1955 50<sup>th</sup> Reunion Book, 494. Uhler lost the Southern California course during the Great Recession.

<sup>221</sup> Citing the National Tax Union's *Dollars and Sense*, sociologist Clarence Lo names them as David Serotkin and Philip Matsin without mentioning ALEC's role. Lo, *Small Property Versus Big Government*, 190, footnote 25. "Lobbying—The New Right Takes Its Political Show On the Road to Win Power in the States," *National Journal*, October 13, 1984.

control, governed not by labor-liberals who could elect a school board, but by budget cutters. Although businessman Richard Headlee's 1980s campaigns for governor fell far short of majority support, another veteran of 1970s tax limitation campaigns, John Engler, was elected Michigan governor in 1990. A former member of the Michigan Conservative Party, and later president of the National Association of Manufacturers and of the Business Roundtable, Governor Engler presided over a devil's bargain for Michigan's public schools in 1994.<sup>222</sup> In exchange for authorizing a compromise school finance ballot measure that redirected some property tax revenue from wealthy school districts to poor school districts, Democratic state legislators lifted a cap on charter schools.<sup>223</sup>

Turning to venture philanthropy after years spent trying educational policy trends, many Detroit policymakers hoped to charter schools that could raise the city's record-low scores on the National Assessment of Educational Progress.<sup>224</sup> However, foundation officials failed to persuade national chains of charter school operators to locate in Detroit, where as many as four-fifths of the city's charter schools were run by private, for-profit, anti-union companies. Still, teachers unions had enough power to revoke Teach for America's license to place uncertified trainees in Michigan schools for a time. Following the model of New Orleans after hurricane Katrina, Detroit reformers dissolved the traditional public school district and hired a graduate of the Broad Foundation's Superintendent Academy to oversee a portfolio of re-organized schools.

When mayoral control failed to work in Detroit's schools or city government, the state stepped in. Conservative Republican state legislators imposed an emergency manager on schools

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<sup>223</sup> Proposal A. Based on conversation with David A.

<sup>224</sup> These last few paragraphs based on my experience as an education data analyst at the non-profit Data Driven Detroit from 2010 to 2013.

from 1999 to 2005 and again from 2009 to 2016, and on the city during Detroit's bankruptcy proceedings in 2013 and 2014. Unlike during 1970s budget negotiations, the Ford Foundation did not step in to save the Detroit schools directly. Instead, a coalition of private foundations spent hundreds of millions of dollars to ensure the city's publicly-owned art collection, a remnant of businessmen's civic welfare spending spree in the early twentieth century, was off limits during the nation's largest municipal bankruptcy. Municipal bondholders lost one-quarter of expected revenue while public sector workers only lost four and a half percent of their monthly pension checks. Thus, the Ford Motor Company's industrial wealth again cushioned the fallout from urban fiscal crisis.

Unregulated competition did not produce excellent schools.<sup>225</sup> An expose in the *Detroit Free Press* found the kinds of corruption long chronicled in the traditional public schools in the charter schools too. Still, out-state universities like Grand Valley State University in conservative western Michigan wanted to authorize more charter schools. Detroiters instead asked the state for the authority to regulate the opening and closing of charter schools in the city, but were denied. Student, parent, and community organizers tried two familiar strategies from the 1970s: a school finance lawsuit and an income tax ballot initiative. The lawsuit, *Gary B. v. Snyder*, led to only a \$90 million settlement negotiated with a cooperative Democratic governor in 2020. The income tax language made it onto a petition stalled by the pandemic. The Detroit Federation of Teachers, so active in previous

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<sup>225</sup> To help parents make more informed choices in the context of asymmetrical information about school quality, the foundation-backed non-profit Excellent Schools Detroit indexed test scores, attendance and graduation rates, and community survey responses in report cards. As of 2011, more than half of Detroit resident students attended schools outside the city's traditional public school district, everywhere from hip inner-ring suburbs to urban strip malls. Out of hundreds of schools, only two handfuls received A's. 2020 was supposed to be the year 90 percent of Detroit students graduated high school, 90 percent attended college or postsecondary training, and 90 percent advanced without remedial courses. Ambitious goals out of sight, the non-profit Excellent Schools Detroit dissolved in 2017.

decades' state education politics, instead focused on internal reorganization. School finance campaigners have recently turned to rural Michigan counties for political support, a dynamic from the 1930s.



## Conclusion

The property tax emerged as a source of education funding in the United States when territorial expansion linked land and residence to mass elementary schooling. Land sales capitalized nineteenth-century state school funds, which invested in state-chartered banks and contributed interest to the many forms of public and private schools in the early republic. Local property taxes increasingly replaced bartered goods and services as contributions to schools during the common school movement begun in the 1830s. State constitutions charged state legislatures with responsibility for providing free, public education but outlawed borrowing on behalf of the school districts doing the teaching and spending after the financial panic of 1837 led to a debt crisis. During the depressions of the 1870s and 1930s, statutory and constitutional property tax limitations restricted how much property tax revenue voters and legislators could raise for schools, the major expense of state and local government. As homeownership spread in the twentieth century, the first choice parents made about education was where to live, and thus how much to pay for schools.

School reformers throughout the twentieth century attempted to resolve inequitable school property tax revenue by moving families to new houses, students to new schools, or new dollars to schools. Voters contested the property tax during moments of uneven racial integration. Property owners stopped paying school taxes during the 1960s and both conservatives and community control supporters on local school boards stopped levying school taxes in the early 1970s. Northeastern states offered cities with tax-exempt nonprofits like Yale University a payment-in-lieu-of-taxes or PILOT for the loss of property tax revenue. In the Midwest and West, where “municipal overburden” payments from the state were insufficient to resolve the urban

school fiscal crisis, organizers set their sights on new taxes. Cities asked states to tax the wealth of suburbs to fund schools statewide.

Powerful, organized public sector employees like teachers, changed the U. S. political economy to increase public spending. During the 1960s, dynamic social movements for public employee in addition to civil, welfare, women, and gay and lesbian rights secured new government programs that needed new revenue. The bill came due during the 1970s. However, federal spending could not keep up with welfare and warfare: the Kennedy income tax cuts lowered marginal rates and Nixon wanted to decrease them further. In California, conservative political operatives and appointees purged War on Poverty programs from state agencies. Nonetheless, liberal and labor groups pushed for progressive state income taxes on the rich as late as 1976. School finance is a bridge between the 1960s and 1970s, between federal power to make social policy and local control to defund it, between labor liberalism and fiscal libertarianism, between urban and state fiscal crises.

Federalism creates a system of state and local finance with many veto points, complicating efforts to find alternatives to the local school property tax. Public schools are part of government, and part of struggles about the contours of the state. Reformers organized to change state constitutions, statutes, and administrations governing education. As late as the nineteenth century, funding limited education was a problem of religion and nativism. In the twenty- and twenty-first centuries, funding mass education is a problem of capitalism and democracy. Rich associational life during the takeoff of growth, or transition to capitalism, transformed into federated organizations for an industrial economy by the turn of the twentieth century. Capital and labor needed political power and social policy to win economic gains. One venue of contest was education.

The literature on the history of twentieth-century education is more commonly about local communities, national policy, and metropolitan conflict than state power, and it is always about property taxes. In southern history, states and state subdivisions were sites of white supremacy. Esther Cyna shows that counties in North Carolina stole Black property taxpayers' money to fund segregated public schools for white students during the Jim Crow era. Only federal preemption, the stories of reconstruction and civil rights go, protected the multiracial democracy ex-slaves and community and labor organizers fought for. During the rights revolution of the 1960s, courts were briefly open to legislative reapportionment, school desegregation, and school funding cases filed on equal protection grounds. However, racial capitalism distributed wealth and thus municipal or suburban school debt unevenly, as new scholarship by Destin Jenkins and Mike Glass shows. Levittown, the prototypical racially-exclusive suburb, alongside Black Long Island suburbs struggled to finance schools with local property taxes.

I focus on Michigan and California after internal migration reshaped schools during the 1920s and 1950s, respectively. Chapter one opens with Michigan farmer and Grange leader Clem Bramble to suggest that teachers' long campaign to fund public schools in the north and west was shaped by rural interests. Chapter eight ends with contemporary Michigan organizers' efforts to cultivate support for school finance reform in rural counties to suggest that geographic divides are with us still but so are the possibilities for solidarity. The geography of "Tax the Rich" emerges from several counterintuitive arguments. States with the initiative and referendum, and without the South's preference for local statutory school tax limits or New England's for town meeting budgets, are the test for democratic fiscal governance in industrial society. The Midwest and West, governed by nineteenth-century constitutions drafted for an agricultural economy, were more unequally apportioned than the South before the civil rights movement.

Schools became a proxy for an ideologically-charged conversation about the state involving conservative activists and business groups. Thus, the story of the rise of conservatism needs to be told through political and ideological contests over local and state policy. In the 1930s, business influence on fiscal policy was as direct as the chamber of commerce-affiliated research bureau in Detroit or taxpayers association in Los Angeles, which led local efforts to cut budgets and assisted state campaigns to curb taxes. After the rise of industrial unionism challenged business interests' role in government, funders taught free enterprise in new institutions for economic education. "Tax the Rich" focuses on simplicity rather complexity, which is the approach intellectual historians take to post-WWII societies that made capitalism safe for democracy. Lay organizations formed prosaic ideas into a popular economic knowledge. These organizations received significant sums of money from automobile manufacturers. Business conservatism shaped the industrial Midwest of Henry Ford, General Motors, and Walter Chrysler as well as the light industrial Sunbelt of Barry Goldwater or Ronald Reagan.

Private sector unionism, particularly in Michigan's auto industry, cleared the way for public sector unionism but not interracial solidarity. Teachers unions required cooperation from the administrative state to bargain contracts beginning in the 1960s; the autoworkers' union provided the behind-the-scenes connections. The autoworkers union also helped elect a labor lawyer as chair of the Detroit school board, where board members sued the state of Michigan to double school funding, a lost alternative for school finance reform litigation. When courts refused to substantially redistribute wealth between rich and poor parts of the state, the Detroit school board voted to racially integrate a dozen high schools, provoking voters to recall the board, and then the NAACP to file the *Bradley v. Milliken* lawsuit that the U. S. Supreme Court would use to set a legal precedent against metropolitan busing. In a civil rights union town like Detroit, Black

teachers represented forty percent of the workforce by the end of the 1960s and believed for a time that they could influence their teachers union from within. However, some union teachers joined an uneasy pro-tuition voucher coalition of conservatives, neoliberals, and former civil rights and labor organizers.

The conservative reaction to teachers' long campaign to fund public schools shows that anti-majoritarian fiscal rules were not imported from abroad in the 1970s. Take for example the popular narrative of free market economist Milton Friedman in Chile after a coup removed the socialist president Salvador Allende. In March 1975, Friedman met with dictator Augusto Pinochet and sent proposals to privatize, deregulate, and reduce taxes a month later. By the time Friedman landed in Santiago in 1975, however, the University of Chicago economist had spent the better part of two years publicizing political campaigns to constitutionally restrict government spending in the United States' states, as Part III of the dissertation shows. In 2021, Chile's constitutional convention delegates changed their voting margins from two-thirds to one-half in order to rewrite the country's constitution. California and other states that require a two-thirds legislative margin in order to raise taxes will likely need to change fiscal rules too.

The fiscal crisis was everywhere by the early 1970s and places outside New York offered left authoritarian options to manage budget shortfalls. New York City's teachers struck for only five days at the start of the 1975 school year without pressuring the city or state to raise new school taxes, and eventually lent money from teachers' pension fund to stave off a bankruptcy. American Federation of Teachers president Al Shanker, who replaced David Selden as president in 1974, ushered in an era of accommodation in the teacher union movement that would see labor endorse charter schools during the Reagan era. As recently as October 1973, Detroit teachers in Selden's home state of Michigan had struck for forty-one days and won an eight percent raise. The

Michigan state legislature authorized the Detroit school board to tax city residents' income without their consent and thus convinced bankers new bonds would be repaid. City schools were funded through the first oil shock—the Organization of Petroleum Exporting Countries embargoed days after the Detroit teacher strike settlement.

Conservative ideologues turned anti-majoritarian ideas to different ends, restricting the growth of government with constitutional limitations that required a two-thirds majority to revise. As inflation and unemployment rose together during the 1970s, elite conservatives organized a tax revolt beginning in the states. Tax limits were more common than tax cuts: dozens of states passed tax limits while only a handful halved property taxes, imitating the “meat axe” approach of California’s Proposition 13. Many successful tax limits incorporated smaller, temporary property tax cuts. I focus on tax limits because they also restricted progressive income taxes on the rich. These limits accomplished their goal: education’s share of United States gross domestic product returned to 1960s levels after beginning to rise in the early 1970s, and has remained around four percent ever since. By contrast, healthcare’s share of United States gross domestic product quadrupled over the same time period.

“Tax the Rich” investigates the limits of democratic fiscal governance under capitalism in schools, the institution most commonly tasked with mediating economic inequality in the United States. However, education is no longer a path to economic security. During economic crisis when taxes fall and debt accumulates, influential bond investors, determined political operatives, and small minorities of voters can remake fiscal rules. I began this project during the global financial crisis as an undergraduate at a public university and continued it in graduate school at a private university months after the largest municipal bankruptcy in U. S. history—Detroit’s. I did

not expect to finish my dissertation at the conjuncture of the climate crisis, the pandemic, and the academic job market crisis.

My generation's experience of austerity in K-12 and college classrooms and debt in personal bank accounts shapes the growing field of historical scholarship on school finance. Our moment raises the stakes for schools. Today, school reformers frequently ask courts to move money rather than students, as the Warren court once did to racially integrate schools. The teacher strike wave of the 2010s suggests that labor power may again force redistributive fiscal decisions. It is important to look to the past for insight into the challenges statewide ballot initiatives for progressive income taxes already confront. When federal pandemic emergency aid runs out, K-12 schools will be left with the same problem they are after every economic crisis: how to raise funds from state and local governments. This dissertation explains why it is so difficult to tax the rich, then and now.