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“More Business and Less Politics!” Schooling, Fiscal Structure, and the 1923 California State Budget

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Abstract

In 1923, Los Angeles teachers protested the state’s biennial budget, a controversial document from newly elected governor Friend Richardson that significantly cut funding to government agencies. The budget was the culmination of more than a decade of fiscal policy reform that reflected a significant shift in anti-tax sentiment. The expansion of state governance in the early twentieth century required the development of fiscal policies to meet the needs of the modern state, and public debates about taxation reflected deep ideological differences about the structure and scope of government and implicated public schooling. This analysis demonstrates two features of fiscal policy reform in California. First, tax reform shaped and was shaped by the political context, demonstrating the dynamic relationship between fiscal policy and state formation. Second, debates about tax reform were ultimately about the scope of government. Anti-tax campaigns that sought a more limited government implicated schooling, the largest item in the state budget, and undermined efforts to achieve educational equity.

Keywords: fiscal policy; California; educational equity; education and taxation

The Things we have worked for and
nursed—
All the things that some papers have
cursed—
vocational Ed.—
And the poor shall be fed—
Are the things that are treated the worst!¹

¹Earl E. Hitchcock, “On the Present Situation,” *Los Angeles School Journal* 6, no. 24 (Los Angeles: Educational Associations of Los Angeles, Feb. 26, 1923), 41, <https://babel.hathitrust.org/cgi/pt?id=uc1.l0053386660&view=1up&seq=97&q1=%22On%20the%20Present%20Situation%22>.

In 1923, Los Angeles teachers protested the state's biennial budget, a controversial document that significantly cut funding to government agencies. It was a general roll-back of state services that had expanded under the leadership of the Progressive Party in the 1910s. Governor Friend Richardson, elected in 1923 with the campaign slogan "More Business and Less Politics," captured the anti-tax zeitgeist with a promise to "put the state on a business basis, eliminate unnecessary offices and commissions and see that for every dollar of taxes there is 100 per cent of service."² His campaign promise reflected national trends in fiscal reform that incorporated "scientific" budgeting to eliminate waste and streamline costs, but his budget went well beyond these general principles.³ It significantly cut state-level expenses in every domain, particularly public education.

This paper focuses on fiscal policy reform in California between 1910 and 1923, a period marked by a significant shift in anti-tax sentiment. The expansion of state governance in the early twentieth century required the development of fiscal policies to meet the needs of the modern state. The 1923 budget battle began in the years preceding Richardson's election, when public debates about taxation reflected deep ideological differences about the structure and scope of government and implicated public schooling. This analysis demonstrates two significant features of fiscal policy reform in California. First, tax reform shaped and was shaped by the political context, demonstrating a dynamic relationship between fiscal policy and state formation. Second, public debates about tax reform reflected fiscal and intellectual efforts to define the scope of government and implicated education, which was the largest item in the state budget. Anti-tax campaigns that sought to limit government undermined efforts to achieve educational equity.

Between 1900 and 1920, California experienced profound economic, transportation, and demographic changes. Agricultural production increased from \$106 to \$612 million and mineral and petroleum output from \$29 to \$202 million.⁴ A transportation revolution included new ports at San Pedro and Long Beach, an increase in motor vehicles from zero in 1900 to more than a million registered vehicles by 1920, and extensive road construction and repair.⁵ The population more than doubled to 3.4 million and included Mexican and Indigenous Americans, migrants from states across the nation, and immigrants, particularly from Asia. The state government needed

²Eddie Boyden, "More Business, Less Politics, Victor's Cry: Forceful Slogan Turns Trick for Richardson in Hard-Fought Battle," *San Francisco Chronicle*, Sept. 1, 1921, 1. Per capita spending nearly doubled in the first two decades, from \$6.72 in the 1900 to \$11.24 by 1920 (in constant 1912 dollars), a trend similar to other states. However, between 1911 and 1920, the largest share of total state expenditures went to education (31.2 percent), followed by transportation (22.9 percent), social welfare (13.2 percent), debt service (11 percent) and public safety (5.7 percent); the remaining 15.3 percent in smaller allocations went to government administration, the environment, housing and health, and miscellaneous costs (numbers do not add up to 100 due to rounding). See Thomas Michael Laichas, "Robbing Peter to Pay Paul": Public Finance and Political Change in California, 1850-1930" (PhD diss., University of California, Los Angeles, 1999), 44-45.

³John Teaford, *The Rise of the States: Evolution of American State Government* (Baltimore: Johns Hopkins University Press, 2002), 59.

⁴Laichas, "Robbing Peter to Pay Paul," 515.

⁵Laichas, "Robbing Peter to Pay Paul," 504.

to adapt its infrastructure, including public education and related taxation, to meet twentieth-century needs.

By the early twentieth century, most states had moved schooling from small, local districts to county-based consolidated districts and developed central oversight and fiscal support.⁶ Every state in the Union taxed property by 1860, and the expansion and centralization of schooling ensured that the largest fixed charge in most state budgets would be education.⁷ The general trend was toward consolidated districts, administered by counties with stronger state oversight and fiscal support based on the general property tax, which provided on average 53 percent of all state tax receipts.⁸ However, modern and expanded state capacity required new sources of revenue and policies that would equalize the burden between individuals and corporations, such as centralized control of assessment and taxation, variable tax rates for different classifications of property, and the separation of sources between state and local government.⁹ Many states also combined tax reform with budget reform.¹⁰ These national trends were accompanied by corresponding battles that were unique to local and regional contexts and potentially undermined centralization and equalization in order to maintain local control, limit tax burdens for some groups, and capture greater educational resources for others.

Historians of education have recognized the centrality of school finance to the development of public schooling. This includes scholarship on early American schools and on fiscal policy reforms that supported the expansion of schooling in the twentieth century and provided a basis for policy development and equity debates.¹¹

⁶For information about centralization trends in the North and South, see Tracy Steffes, *School, Society, and State: A New Education to Govern Modern America, 1890-1940* (Chicago: University of Chicago Press, 2012); and Joan Malczewski, *Building a New Educational State: Foundations, Schools, and the American South* (Chicago: University of Chicago Press, 2016).

⁷Peter Lindert, "The Rise of Social Spending, 1880-1930," *Explorations in Economic History* 31, no. 1 (Jan. 1994), 1-37; Claudia Goldin and Lawrence Katz, "Why the United States Led in Education: Lessons from Secondary School Expansion, 1910-1940," in *Human Capital and Institutions: A Long-Run View*, ed. David Eltis, Frank D. Lewis, and Kenneth L. Sokoloff (Cambridge: Cambridge University Press, 2009), 143-78.

⁸Steffes, *School, Society and State*; Teaford, *The Rise of the States*, 43.

⁹The US Biennial Survey of Education indicates national trends toward consolidation, larger units of control, and more efficient and cost-effective administration. Philander Priestly Claxton, "Biennial Survey of Education 1916-1918," *US Department of the Interior, Bureau of Education, Bulletin, 1919* (Washington: Government Printing Office, 1921), 88, 785. See also Carl C. Plehn, "The Nature and Causes of the Tax Reform Movement in the United States," *Economic Journal* 20, no. 77 (March 1910), 4-5; Edwin R. A. Seligman, "The Separation of State and Local Revenues," *State and Local Taxation: National Conference under the Auspices of the National Tax Association: Addresses and Proceedings*, vol. 1 (Nov. 12-15, 1907), 485-88.

¹⁰Teaford, *The Rise of the States*, 59.

¹¹For scholarship on schooling in early America, see Nancy Beadie, *Education and the Creation of Capital in the Early American Republic* (New York: Cambridge University Press, 2010). Histories of state and district systems include Jeffrey Mirel, *The Rise and Fall of an Urban School System: Detroit, 1907-81*, 2nd ed. (Ann Arbor: University of Michigan Press, 1999); Adam Nelson, *The Elusive Ideal: Equal Educational Opportunity and the Federal Role in Boston's Public Schools, 1950-1985* (Chicago: University of Chicago Press, 2005). Earlier revisionist scholarship focused on the capitalist foundations of public education, and includes Samuel Bowles and Herbert Gintis, *Schooling in Capitalist America: Educational Reform and the Contradictions of Economic Life* (New York: Basic Books, 1976). Most education historians who consider fiscal policy at the least acknowledge the issue of equity, though recent scholarship has made it the central focus. See Matthew

The literature also provides evidence of regional variation. Scholarship on southern education demonstrates that southern whites focused on minimizing state centralization in order to maintain the racial state.¹² Matthew Kelly traces the development of district-level taxation for public education and its alternatives in California, which highlights the role of political actors in shaping the contours of fiscal policy and makes a compelling case for the distinctiveness of California school tax legislation and its effect on fiscal policy reform in other states.¹³ Tracy Steffes analyzes the impact of the property assessment on suburban and urban taxation in Chicago after World War II. She highlights the relationship between local politics and economic policy development, including decisions by tax officials, discussions about taxation that took place in the framing of the funding formula, and the policies and practices around taxation that shaped the formula in action and subsequently structured politics around schooling and inequality.¹⁴

Scholarship in fiscal sociology provides a basis for studies that analyze the relationship between local politics and fiscal policy. In 1918, Joseph Schumpeter called for a scientific study of public finance that would unite the study of economics with the study of history, politics, and society, and suggested that scholars treat tax policy as both a “symptom” and a “cause” of large-scale changes in the economy and society.¹⁵ While early research on fiscal policy focused on taxation as a *symptom* of social change, new scholarship in fiscal sociology calls for a focus on taxation as a *cause* of social change.¹⁶ An analysis of fiscal policy reform in California does both. The history of state expansion and related struggles over taxation, which is the largest government intervention in the lives of individual voters, demonstrates the impact of tax policies on organized interest groups and political development.

G. Kelly, *Dividing the Public: School Finance and the Creation of Structural Inequity* (Ithaca, NY: Cornell University Press, 2024); Erika M. Kitzmiller, *The Roots of Educational Inequality: Philadelphia's Germantown High School, 1907-2014* (Philadelphia: University of Pennsylvania Press, 2022).

¹²Malczewski, *Building a New Educational State*; and Malczewski, “The Larger Gifts of Taxation: Foundations and Tax Reform in the Jim Crow South,” *Journal of Policy History* 34, no. 2 (April 2022); Esther Cyna, “Schooling the Kleptocracy: Racism and School Finance in Rural North Carolina, 1900-2018,” *Journal of American History* 108, no. 4 (March 2022), 745–66; Camille Walsh, *Racial Taxation: Schools, Segregation, and Taxpayer Citizenship, 1869-1973* (Chapel Hill: University of North Carolina Press, 2018); J. Morgan Kousser, “‘The Onward March of Right Principles’: State Legislative Actions on Racial Discrimination in Schools in Nineteenth-Century America,” *Historical Methods* 35, no. 4 (Fall 2002), 177–204. Robin Einhorn centralizes the institution of slavery in southern efforts to develop the administrative state and related taxation. See Einhorn, *American Taxation, American Slavery* (Chicago: University of Chicago Press, 2008), 220–22.

¹³Kelly, *Dividing the Public*.

¹⁴Tracy Steffes, “Assessment Matters: The Rise and Fall of the Illinois Resource Equalizer Formula,” *History of Education Quarterly* 60, no. 1 (Feb. 2020), 24–57. Steffes explicitly argues that the resource formula represents a deeper debate about local and state responsibility for education (p. 27). Also see Steffes, “Solving the ‘Rural School Problem’: New State Aid, Standards, and Supervision of Local Schools, 1900-1933,” *History of Education Quarterly* 48, no. 2 (May 2008), 181–220.

¹⁵Isaac William Martin, Ajay K. Mehrotra, and Monica Prasad, “The Thunder of History,” in *The New Fiscal Sociology: Taxation in Comparative and Historical Perspective*, ed. Martin, Mehrotra, and Prasad (Cambridge: Cambridge University Press, 2009), 2

¹⁶Martin, Mehrotra, and Prasad, “The Thunder of History.”

Debates about taxation, which institutionalizes a social contract between citizens and the state, represent one of the most important opportunities for citizens to engage with government.¹⁷ While ongoing support for government and its policies depends upon citizens perceiving that taxation is fair, interest groups seek to renegotiate tax policy to their advantage and often recognize “fairness” in deeply subjective ways.¹⁸ This dynamic process is often articulated in debates about public education because of its relative size in state and municipal budgets and its corresponding effect on taxation.

Richardson served only one term, but it coincided with a period in California politics in which interest groups from across the political spectrum captured power in the state’s political party system. The Republican Party in the 1910s consisted of factions that ranged from progressivism to vehement opposition to the state’s Progressive Party politics.¹⁹ Frank Hichborn, a well-known progressive and legislative reporter for the *Sacramento Bee* and the *San Francisco Examiner*, captured the state’s ideological divide when he described opposing elements in 1921 as “those which for gain or political advantage exploit the politics and resources of the State, and those which seek the development of the State for the well-being and advancement of all the people.”²⁰ Hichborn’s characterization lacks nuance and belies his own progressive political beliefs, yet he captures a fundamental tension between the state’s business interests centered in Los Angeles and more liberal interest groups from across the state that included public school teachers.

This analysis focuses on two groups that broadly represented these opposing factions, and demonstrates the relationship between fiscal policy and interest group formation and activism between 1910 and 1923. The Better America Federation (BAF), which supported Richardson, formed in 1917 as a postwar superpatriot group and represented business interests that had been vocal in earlier fiscal policy debates. It advocated small government, limited regulation, a regressive system of taxation that protected property accumulation, and patriotic appeals that made constitutional claims to private property rights and were used to mobilize supporters and demobilize

¹⁷Martin, Mehrotra, and Prasad, “The Thunder of History.” On the relationship of taxation to state development, see Prasad, *The Land of Too Much: American Abundance and the Paradox of Poverty* (Cambridge, MA: Harvard University Press, 2012), 149. Brian Balogh, in his work on the associational synthesis, discusses how political conflicts in the first half of the twentieth century were “shoehorned into the narrow channels of interest group politics” and citizens adapted policy goals to prevailing ideas about the proper balance between collective ends and individual opportunity. Balogh, *The Associational State: American Governance in the Twentieth Century* (Philadelphia: University of Pennsylvania Press, 2015), 4–5.

¹⁸Ajay K. Mehrotra, “Fiscal Forearms: Taxation as the Lifeblood of the Modern Liberal State,” in *The Many Hands of the State: Theorizing Political Authority and Social Control*, ed. Kimberly J. Morgan and Ann Shola Orloff (New York: Cambridge University Press, 2017), 285.

¹⁹J. Casey Sullivan, “Way Before the Storm: California, the Republican Party, and a New Conservatism, 1900–1930,” *Journal of Policy History* 26, no. 4 (Fall 2014), 569–94. Kathryn Olmsted notes that anti-communist groups in California that organized in response to WWI and the growing power of labor were particularly concerned about a communist plot to “brainwash children in schools.” Olmsted, “British and US Anticommunism between the World Wars,” *Journal of Contemporary History* 53, no. 1 (Oct. 2016), 102.

²⁰Frank Hichborn, *Story of the Session of the California Legislature of 1921* (San Francisco: Press of the James H. Barry Company, 1922), 1–3.

enemies.²¹ The California Teachers Association (CTA), which opposed Richardson, had evolved from state teacher organizations dating back to the mid-nineteenth century. Formally incorporated in 1906, the CTA reorganized in 1910 and then developed as a powerful state organization that sought increased resources for public education. It promoted progressive interests that made government the basis for greater equity through liberal provisions for education and social services that redistributed individual and corporate wealth and regulated business.

The BAF and the CTA were both active in and shaped by fiscal policy reform between 1910 and 1921. They employed powerful strategies designed to influence voter attitudes, state and municipal elections, and state formation. These efforts culminated in public debates about Richardson's budget in 1923, which presented an opportunity to promote competing conceptions of the state in the public sphere—and shape political development in the process.

California Fiscal Policy Reform: 1910-1921

Five fiscal policy measures in California (Table 1) inspired voter activism and were the subject of vigorous public debate between 1910 and 1921. In 1910, Amendment 1 separated state and local taxation. In 1915, the poll tax was eliminated. In 1917, Assembly Bill 1013, which was called the “tax limitation law” and made it illegal for counties to increase tax revenues more than 5 percent of the previous year's revenues, was enacted and then repealed. In 1920, Proposition 16 equalized state and local contributions to schools and designated minimum teacher salaries. Finally, the King Tax Bill in 1921 equalized corporate and individual taxation. This section provides historical context for fiscal policy reform, particularly in education, and discusses each of these tax measures in relationship to education and pro-business activism. It demonstrates how fiscal policy reform made the CTA into one of the state's most powerful political groups and invited backlash from business groups that increasingly prioritized private property rights and sought to limit education resources.

Public schooling in California began as a colonial project in the nineteenth century and expanded to meet the needs of the twentieth-century state. By 1890, 60 percent of school-age children attended school, well above the national average.²² The school-age population doubled in California between 1911 and 1922, and average daily attendance increased more than 60 percent, accompanied by increases in associated costs for longer school terms, schoolhouse construction, and related debt.²³ The system included diverse urban areas with explosive growth and demand for modern methods, and a vast rural system of small, costly schools. State educators promoted innovations such as kindergarten, Americanization, vocational schools, junior high schools, and a higher

²¹Isaac Martin considers the impact of the Sixteenth Amendment for the income tax and related twentieth-century anti-tax revolts that occurred through the formation of tax clubs beginning in 1924, which he characterizes as “rich people” social movements to benefit wealthy Americans. See Isaac William Martin, *The Permanent Tax Revolt: How the Property Tax Transformed American Politics* (Stanford, CA: Stanford University Press, 2008), xii, 35, and 49–53.

²²Laichas, “Robbing Peter to Pay Paul,” 23.

²³Specifically, the school population increased 103 percent. Laichas, “Robbing Peter to Pay Paul,” 524.

Table 1. California fiscal policy reform between 1910 and 1921

Date	Law	Status	Implications/Outcomes and Support
1910	Amendment 1	Passed	Separated state and local taxes; supported by business and education interests
1914	Proposition 10	Passed	Eliminated the poll tax through voter initiative
1917	Assembly Bill 1013	Repealed	Passed by Governor Stephens to limit increases in local tax increases to 5 percent of the previous year's revenues; repealed through a voter initiative organized by educators
1920	Proposition 16	Passed	Increased state educational allocations, equalized teacher salaries, and forced a public evaluation of corporate assessments; promoted by educators through the direct democracy initiative
1921	King Tax Bill	Passed	Promoted equalization between corporations and individual voters. Raised corporate assessments, but not those for individual taxpayers. Supported by the CTA and opposed by the BAF.

education system that included junior colleges. In addition, economic diversity across communities led to resource inequality and demands for equalization. By the early 1910s, school cost was increasing faster than attendance.²⁴ By the 1920s, a third of the state budget went to education, and the state ranked second in the nation in per pupil spending.²⁵

Early efforts to centralize public education provided the foundation for a powerful state teacher organization in subsequent decades. It included aid for a state school journal and teacher institutes, which led to the creation of the California Educational Society to promote minimum terms and professional standards.²⁶ The Society was reorganized as the State Teachers Association in 1876, which was open to all teachers and marked the beginning of a period of growth and professional unity.²⁷ Its Advisory Council, created in 1891, spoke as an authority on educational issues, advised and propagandized on the state's educational responsibilities, and redounded significant power to the organization.²⁸ The group reorganized in 1905 as the California Teachers Association, and incorporated as a federated body composed of six geographical divisions working under a central organization that oversaw the development and

²⁴Laichas, "Robbing Peter to Pay Paul," 520. On changing demographics, costs, and modernization from 1880 into the Progressive Era, see Kelly, *Dividing the Public*.

²⁵Laichas, "Robbing Peter to Pay Paul," 44. Notably, the largest budget item in the state was road building and maintenance, which was supported by a massive construction bond issue initially in 1910, followed by two additional bond issues over the next decade. *Ibid.*, 33.

²⁶The early California Education Association was open only to teachers who were elected or had achieved sufficient experience for membership. Richard Gause Boone, *A History of Educational Organization in California* (Sacramento: California Teachers Association, 1926), 10.

²⁷For an excellent history of early teacher organization in the state, see John David Phillips, "The Politics of State School Support: California as a Case Study, 1919-1960" (PhD diss., Stanford University, 1965), 1-73. Boone, *A History of Educational Organization in California*, 12.

²⁸Boone discusses the origins and ongoing work of the Advisory Council in his work on teacher organizing in California. See *History of Educational Organization*, 20-25.

execution of the organization's mission, legislative purpose, investigative and reporting roles, and curriculum development.²⁹

The reorganization created a strong synergy between the CTA and state education and political leaders. Its divisions were led by elected members, including a president and secretary, and the larger organization by the Advisory Council, elected by the general body and led by the state superintendent.³⁰ The CTA networked effectively with state activists who had funding and political networks to promote causes, including Hichborn and Los Angeles resident John Randolph Haynes, who had been active in state and municipal commissions and had considerable influence in progressive circles.³¹ Haynes was instrumental to the passage of the state's direct democracy initiatives and had a close relationship to political operatives, including Governors Hiram Johnson and William Dennison Stephens.

The CTA's power was enabled by its organizational strengths, but after 1910 its work was shaped by the state's efforts to redefine fiscal policy. The group's primary goal was to increase public school resources. By 1920, the CTA had 10,869 members (an increase from 5,984 in 1911), an Advisory Council led by state superintendent Will Woods, and its journal, the *Sierra Educational News*, that together provided leadership to a collection of organizations and publications that mobilized educators across the state.³²

The general property tax was the state's primary revenue source beginning in 1849. However, local property was typically underassessed to limit local taxation, and the State Board of Equalization, designed to supervise the assessment of railroad property, did not address local assessment.³³ By the early twentieth century, the state was struggling to adequately reconceptualize the state tax system to meet modern needs, in part because of the considerable power exercised by the Southern Pacific Railroad. A 1906 state tax commission criticized the state for systemic inequalities that handicapped state growth, for taxing real estate instead of personal property, and because it "penalized honesty and paid a high premium for dishonesty."³⁴

²⁹The CTA organizational structure became a model for the National Education Association's reorganization in the 1910s. Boone, *History of Educational Organization*, 8–9, 69.

³⁰Phillips, "The Politics of State School Support," 39.

³¹Unlike many prominent reformers, Haynes was not a member of the Progressive Party or the Lincoln-Roosevelt League. He was suspicious of big business but had a lucrative medical practice, successful investments, and was a member of the Chamber of Commerce. Tom Sitton, *John Randolph Haynes: California Progressive* (Stanford, CA: Stanford University Press, 1992); Tom Sitton, "California's Practical Idealist: John Randolph Haynes," *California History* 67, no. 1 (March 1988); John M. Allswang, "The Origins of Direct Democracy in Los Angeles and California: The Development of an Issue and Its Relationship to Progressivism," *Southern California Quarterly* 78, no. 2 (Summer 1996), 177. Haynes's socialist vision was influenced by William Dwight Porter Bliss, leader of the Social Gospel movement and founder of the American Fabian League. Mark Nelson, "Henry Gaylord Wilshire: At the Barricades for Socialism and Amour," *Southern California Quarterly* 96, no. 1 (Spring 2014), 43, 60.

³²Phillips, "The Politics of State School Support," 94, 139.

³³Marvel M. Stockwell, *Studies in California Taxation, 1910-1935* (Berkeley: University of California Press, 1939), 1–2.

³⁴*Preliminary Report of the Commission on Revenue and Taxation of the State of California, August 1906* (Sacramento: W.W. Shannon, Superintendent State Printing, 1906), 11–13; Stockwell, *Studies in California Taxation*.

The 1906 commission recommended Amendment 1 to the state constitution, which separated state and local property taxation. It was enacted in 1910 and had the support of newly elected governor Johnson, leader of the Progressive Party.³⁵ State revenue would include funds from the \$2 poll tax earmarked for schooling, an inheritance tax, and a set of constitutionally defined business tax rates that required a two-thirds vote of the legislature for modification.³⁶ Johnson was optimistic about the separation of state and local tax revenues under Amendment 1 because it would potentially strengthen the state's fiscal structure, provide sufficient revenues for his progressive reform agenda, and make local communities responsible for ensuring that private property assessments met local needs, particularly in schooling. The state would have significant sources of revenue to support its expansion without being burdened by local costs. The amendment was supported by both business interests and the CTA.

Johnson, in his optimism, ignored the amendment's limitations. State tax revenues were based on economic conditions that affected business income, and provided no guarantee of stable budgets.³⁷ The business community perceived correctly that it was relatively good for business. A single state assessment would likely be less in total than that imposed by fifty-seven local assessors, would address inequitable taxation across various counties in which businesses operated, and would make it difficult to modify business tax rates, which required a two-thirds vote of the legislature, a high bar that provided greater power to corporations. The amendment created inequalities between corporations and taxpayers because business rates were fixed in the constitution and not easily modified, while individual tax assessments were determined by local property assessors, with rates fixed by a simple local majority and variable across communities. While citizens would pay an additional ad valorem tax (those levied on the value of real or personal property) in the case of a state shortfall, corporations would not be required to assist with local deficits.

The effect of the amendment on how costs were distributed between state and local government was immediate. In 1910, the state was responsible for 28.9 percent of public school costs, the county was responsible for 24.3 percent, and local school districts for 45 percent (with 1.8 percent from miscellaneous sources). By 1915, the state was responsible for 22 percent, the county for 19.1 percent, the districts for 56.1 percent

³⁵The amendment was referred to as the "Plehn Plan" after Carl Plehn, a Berkeley finance professor, author of the 1906 state tax commission report recommending the separation of taxes, and the 1910 report promoting Amendment 1. Plehn was spokesperson for corporations that fought the state a decade later about corporate tax rate increases. For more information, see *Preliminary Report of the Commission on Revenue and Taxation of the State of California, August 1906*; Hichborn, *Story of the Session of the California Legislature of 1921*, 22–23.

³⁶Business taxes included a corporate franchise tax, a gross receipts tax on public service corporations, a gross premiums tax on insurance companies, and a capital stock tax upon banks. For an analysis of Amendment 1, see Stockwell, *Studies in California Taxation*, 2; For information about the legislative session and the statute, see *The Statutes of California Passed at the Third Extra Session of the Thirty-Eighth Legislature, Section 14, part (f), October 3-5, 1910* (California State Assembly: Office of the Chief Clerk), p. 17.2, <https://clerk.assembly.ca.gov/content/statutes-and-amendments-codes-1910-11>.

³⁷For a discussion of the relationship of Amendment 1 to state budgeting, see Teaford, *The Rise of the States*.

(with 2.8 percent from miscellaneous sources).³⁸ The amendment and school costs that were increasing faster than attendance meant that property-owning voters were faced with much higher tax increases than the corporations. In the decade following the amendment, state contributions to education decreased from \$474 per teaching unit (defined as thirty-five students) to \$412 per teaching unit, a decrease of 13 percent; county contributions increased from \$322 to \$438 per unit, an increase of 36 percent; and the school district contributions increased from \$50 per unit to \$602, which was twelve times the original amount.³⁹

The new tax policies inspired lobbying and the political context facilitated it. Johnson had campaigned to limit the power of the Southern Pacific Railroad and return government “to the People.”⁴⁰ Under his leadership, the state promoted municipal reform, the eight-hour workday for women, workmen’s compensation, and child labor restrictions.⁴¹ He strengthened the executive power of the governor, including efforts to reform public finance and administration through a state “Board of Control” that would provide central oversight for the state government and eliminate waste and graft. He also supported direct democracy legislation that increased voter power through measures that included the initiative, referendum, and recall, which provided citizens with legislative power and held public servants accountable, and promoted a more horizontal government through initiatives that included home rule charters, and autonomy for certain state agencies, particularly the schools.⁴²

Johnson’s initiatives weakened traditional political parties but empowered special interest groups that operated outside party. The new centralized administrative and fiscal structure provided alternative opportunities to promote causes that inspired interest group formation and activism, replacing the railroad machine with well-funded special interests.⁴³ The CTA exercised control of educational finance through its strength in electoral politics, and utilized direct democracy initiatives to expand and protect state and local revenues available to public education. The ongoing threat of business tax increases, in the face of periodic economic downturns and Progressive Party initiatives, inspired corporate lobbying.

California voters in 1914 abolished the poll tax, resulting in a 5 percent loss to the total budget and a 10 percent loss for the 1915 education allocation.⁴⁴ Local governments assumed the burden, which undermined the original purpose of Amendment

³⁸Report of the California Commission for the Study of Educational Problems (Sacramento: California State Printing Office, 1931), 174.

³⁹Laichas, “Robbing Peter to Pay Paul,” 527.

⁴⁰Spencer C. Olin Jr., *California’s Prodigal Sons: Hiram Johnson and the Progressives, 1911-1917* (Berkeley: University of California Press, 1968) 34–36.

⁴¹George E. Mowry, *The California Progressives* (Berkeley: University of California Press, 1951); Olin Jr., *California’s Prodigal Sons*; Kevin Starr, *Inventing the Dream: California through the Progressive Era* (Oxford: Oxford University Press, 1985).

⁴²Direct democracy also included the primary, cross-filing, the secret ballot, at-large local elections, executive budgeting, and civil service, all of which made it possible for groups to assume visible power in defining policy. Allswang, “The Origins of Direct Democracy in Los Angeles and California.” Olin, *California’s Prodigal Son*, 41-44. Laichas provides a useful chart of the prominent California interest groups during this period. See Laichas, “Robbing Peter to Pay Paul,” 653–54.

⁴³Laichas, “Robbing Peter to Pay Paul,” 604.

⁴⁴Laichas, “Robbing Peter to Pay Paul,” 602, 523.

1. The CTA called on the government to augment the public school budget, but public utility corporations lobbied the legislature to vote against possible tax rate increases. The result was a compromise tax increase on corporate interests that covered just 75 percent of the education budget loss.⁴⁵

A 1915 tax commission criticized Amendment 1 because it failed to provide an appropriate system for assessing corporate taxes, required a two-thirds majority for rate changes, did not address equalization, and promoted lobbying.⁴⁶ The commission urged the state to develop “a fundamentally sound and permanent system of taxation,” but a repeal of the amendment would likely have been impossible given interest group politics.⁴⁷ Fiscal policy reform was fostering deeply entrenched positions on private property rights, state development, and equity.

Business interests had been vocal in their support of Amendment 1 and continued to lobby against tax increases, but increasingly focused more generally on property interests. The Sixteenth Amendment to the US Constitution, ratified in 1913, allowed the federal government to levy a federal income tax and created a national policy threat to the wealthy. The end of World War I inspired superpatriot groups across the country that were concerned with anti-communism crusades. In California, the most prominent of these groups was the BAF, whose anti-communist crusades translated into a focus on private property rights and made the group prominent in fiscal policy reform. The group represented small business interest in the press and in public campaigns, and anti-tax crusades were an obvious and significant basis for organization and membership.

Harry Haldeman directed the Commercial Federation of California, which later evolved into the BAF. He was a Los Angeles businessman who led Southern California chapters of the Red Cross, the WWI Liberty Loan drive, and the War Industries Board, which seems to have inspired his interest in “100% Americanism” following the War.⁴⁸ The organization at its 1917 inception sought to “urge upon businessmen the necessity of taking a more active part in legislative matters ... through patriotic, educational, governmental, and cooperative methods ... and recognize that they received scant consideration as compared with the consideration given to representatives of labor organizations.”⁴⁹

⁴⁵Laichas, “Robbing Peter to Pay Paul,” 523.

⁴⁶*Report of the State Tax Commission of the State of California, 1917* (Sacramento: California State Printing Office, 1917), 8, 11-13.

⁴⁷*Report of the State Tax Commission*, 7, 10. Amendment 1 was repealed in 1933 under the Riley-Stewart Act. Stockwell, *Studies in California Taxation*, 7.

⁴⁸“Better America Federation,” n.d., 2, Box 1, Margaret Ann Kerr Papers, Hoover Institution Special Collections, Stanford, CA (hereafter Hoover-MAK); “Confidential, September 19, 1950,” Box 1, Hoover-MAK. Haldeman was president of the Pacific Pipe and Supply Company in Los Angeles. Dale E. Treleven, “Oral History Interview with H. R. Haldeman, Regent, University of California, 1965-1967, 1968, June 18 and 25, 1991,” p. 27, California State Archives State Government Oral History Program, Department of Special Collections, University Research Library, University of California at Los Angeles. H. R. Haldeman was the grandson of BAF founder Harry Haldeman and White House chief of staff for President Nixon.

⁴⁹“Commercial Federation of America: To Our Members and Friends,” Nov. 19, 1918, Hoover-MAK; “Causes Leading Up to the Organization of the Commercial Federation and Accomplishments to Date,” n.d., Hoover-MAK.

By the time Haldeman adopted the BAF moniker in 1918, the group had become more militant in its pro-business agenda and opposition to progressive reforms. One BAF pamphlet argued against child labor laws, compulsory education beyond the age of fourteen, the eight-hour workday and the forty-four-hour week, equal work, wages based on occupation, and abolition of night work for women and minors, policies that would “bring to the United States the condition now existing in the Soviet Russia.”⁵⁰ Worker protections or child labor laws were considered paternalistic safeguards that limited the freedom of business and were, therefore, un-American.

The BAF increasingly represented LA businesses in the public sphere. The group’s patriotic appeals, defined as adherence to private property rights, were compelling in the postwar context and generated subscriptions from CEOs and small business owners that provided an \$800,000 operating budget.⁵¹ In 1918, the BAF distributed more than three hundred thousand pieces of literature throughout the state with recommendations on twenty-five state amendments.⁵² The group was positioned to be a prominent voice in anti-tax campaigns.

William Stephens succeeded Johnson in 1917 and faced difficult state fiscal constraints from insufficient revenues and the economic uncertainty created by World War I. Individual taxpayers perceived that relative tax assessments favored corporations. One report claimed that costs per taxpayer had increased \$95 per year, while costs per corporation had decreased \$83 per year.⁵³ However, taxation discussions increasingly focused on schooling, the largest fixed cost in state and local budgets. In May 1917, Stephens responded to voter concerns by signing into law Assembly Bill 1013, the “tax limitation law,” which made it illegal for counties to increase tax revenues more than 5 percent of the previous year’s revenues.⁵⁴

School officials considered the bill a threat to public education. Local school costs were dependent upon municipal property tax revenues, and the bill might “wreck

⁵⁰“A Brief Outline of Arguments Against the Programme for Industrial Reforms Which Is Being Submitted to Various Social and Industrial Organizations,” issued by the Better America Federation, F12, Box 6, Series 1241, John Randolph Haynes Papers, Charles E. Young Special Collections, University of California at Los Angeles (hereafter UCLA-JRH); “Better America Federation of California: Weekly Newsletter,” July 8, 1924, F12, Box 6, Series 1241, UCLA-JRH; “Better America Federation of California: Weekly Newsletter,” Sept. 2, 1924, F12, Box 6, Series 1241, UCLA-JRH.

⁵¹The board of the BAF included James Delaney (San Jose Bean Spray Pump Company), J. L. Howard Jr. (Howard Company in Oakland), C. A. Batchelder (Holt Manufacturing, Stockton), F. B. McKeivitt (California Fruit Distributing Co., Sacramento), E. R. Throop (Schmeiser Manufacturing, Davis), F. D. Prescott (Valley Lumber Company, Fresno), F. M. White (Benson Lumber Co., San Diego), C. W. Schelder (Great Western Electric Chemical Co., Pittsburg), and E. J. Fowler (Pacific Foundry Co., San Francisco). John Randolph Haynes to Senator Hiram W. Johnson, July 28, 1920, Folder 13 B5, Series 1241, JRH-UCLA.

⁵²“Commercial Federation of America: To our Members and Friends”; “Causes Leading Up to the Organization of the Commercial Federation and Accomplishments to Date,” undated, Hoover-MAK, 2.

⁵³Hichborn, *Story of the California Legislature of 1921*, 38-39. Poor reporting practices make comparative data suspect, but even after acknowledging inaccuracies, the two-thirds majority required to raise corporate tax rates had moved more of the burden of schools from the state to local governments.

⁵⁴“Assembly Bill No. 1013 in Review,” *California Taxpayers’ Journal: Official Publication of the Taxpayers’ Association of California* 1, no. 4 (July-Aug. 1917), 2-3.

the entire system of school financial support.”⁵⁵ Mark Keppel, Los Angeles Unified School District (LAUSD) superintendent, chaired a committee that initiated a referendum to block the legislation, with CTA backing. The California Taxpayers’ Association characterized the committee’s efforts as a “gross usurpation of power” by a powerful political machine, demonstrating that CTA power had come to the attention of anti-tax groups.⁵⁶ The CTA was successful and voters repealed the law in the November 1917 election. School officials celebrated that school revenues were “once again safe,” but the victory incensed fiscal reformers, particularly business interests, who were furious about rising school costs.⁵⁷

The referendum demonstrated to the CTA and education leaders that direct democracy could be a powerful tool to promote fiscal reform to the benefit of the schools. In 1919, Keppel and state superintendent Will Wood designed Proposition 16, a constitutional amendment to increase state educational allocations, equalize teacher salaries, and force a public evaluation of corporate assessments.⁵⁸ It added kindergarten and a state high school fund to the public school system, and required a state allocation of \$30 per pupil and county tax levies for elementary schools at least equal to the state allocation, with 60 percent of the total reserved for teacher salaries.⁵⁹ Supporters argued that the funding restored “the old principle that the state and the county should be equal partners in supporting elementary schools,” and upheld the principle that “money for schools shall be raised where income is, and distributed where children are.”⁶⁰

The bill solidified the electoral power of the CTA. It had used schoolchildren to campaign for the amendment, with compelling slogans designed to promote equal opportunity, including “If the 16th Amendment passes, we’ll have equal opportunity for all classes,” and “Poor children, rich children, all alike, need an education to make things right.”⁶¹ The proposition easily passed and education leaders emerged as “masterful tacticians” who had effectively adjusted their perspective from legislative to electoral politics, and solidified the power of the CTA as the preeminent bargaining unit for teachers.⁶²

⁵⁵ *Los Angeles City Teachers Club: Yearbook, 1917-1920*, 22, Box 2665, Los Angeles Unified School District Board of Education Records, Charles E. Young Special Collections, University of California at Los Angeles (hereafter UCLA-LAUSD).

⁵⁶ “Editorial,” *California Taxpayers’ Journal: Official Publication of the Taxpayers’ Association of California* 1, no. 3 (June 1917), 2.

⁵⁷ *Los Angeles City Teachers Club: Yearbook, 1917-1920*, 22, Box 2665, UCLA-LAUSD.

⁵⁸ The apportionment of taxes between the state and county would be based on attendance (e.g., Los Angeles would receive \$4,732,500 instead of the \$2,640,000 it would have received under the previous arrangement). See Mark Keppel, “Adequate Support for Elementary Schools,” *Sierra Educational News* 14 (Jan. 1919), 25, <https://babel.hathitrust.org/cgi/pt?id=iau.31858046290346&view=1up&seq=31&q1=Keppel>.

⁵⁹ Voter Information Guide for 1920, General Election (1920), http://repository.uchastings.edu/ca_ballot_props/150.

⁶⁰ Statement by Will C. Wood, Superintendent of Public Education in support of Proposition 16.

⁶¹ Phillips, “The Politics of State School Support,” 153.

⁶² Phillips, “The Politics of State School Support,” 157. Phillips highlights the political importance of the CTA almost capturing organizing power in total and effectively ending the hopes of the American Federation of Teachers to capture education in the state.

The problem with the amendment was that it did not effectively reform fiscal policy to address problems of inflation and population growth. Further, in spite of advertising campaigns to the contrary, the amendment resulted in higher teacher salaries that were necessary to retain the teaching force but did little to address equity. Finally, the amendment required minimum contributions to education at all levels of government, but not consideration of appropriate costs or the political costs of raising additional revenues.⁶³ It constitutionally formalized schooling as an exception to scientific budgeting efforts and inspired the wrath and scrutiny of anti-tax activists.⁶⁴ Public debates highlighted both the significant growth in the public school budget and the increasing power of the CTA and the state's education leaders.⁶⁵

The amendment had an immediate impact. It increased the state contribution to education from 22 percent of the state budget in 1920-21 to 40 percent of the state budget in the following year.⁶⁶ However, it also caused a projected \$14 million deficit in the 1921 biennial budget, and inspired corporate activism that included attacks on the "school machine."⁶⁷ Richardson characterized the bill as "the most vicious, iniquitous measure ever written into the statutes."⁶⁸ The state's deputy director of education responded to Richardson and the backlash against public education with a widely distributed pamphlet that articulated the proposition's benefits.⁶⁹

The 1921 King Tax Bill was designed to equalize corporate and individual taxpayer rates, and address the deficit created by Amendment 16, but highlighted the growing ideological divide. The director of the Taxpayers' Association, with BAF backing, issued an advertisement statewide that claimed the bill would cost taxpayers \$7 million and would lead to additional taxes on citizens.⁷⁰

The BAF was particularly vocal. Haldeman sent to each of the seventy-nine members of the State Assembly a personal telegram urging defeat of the bill, and organized additional telegrams sent from all parts of the state.⁷¹ The tax agent of the Santa Fe Railroad connected the BAF with the State Taxpayers' Association to advance the argument publicly that the problem was not state revenues, but state costs. While the bill was about equalization, it inspired a movement for economy and small government, which became a focus of weekly BAF newsletters that were subtitled, "Less Government in

⁶³Phillips, "The Politics of State School Support," 165-66.

⁶⁴Phillips, "The Politics of State School Support," 173-4.

⁶⁵"Teachers Assembly, Los Angeles, California," Aug. 28, 1920, 11-14, Folder 16, Box 53, UCLA-JRH.

⁶⁶Laichas, "Robbing Peter to Pay Paul," 37.

⁶⁷Laichas, "Robbing Peter to Pay Paul," 754.

⁶⁸"Constitutional Amendment Sixteen: Its Meaning, Its Accomplishment," California Teachers Association, with data assembled by A. R. Heron, Deputy Director of Education for California (2023), 2, Folder Miscellaneous Education - California, Box 53, Franklin Hichborn Papers, Charles E. Young Special Collections, University of California at Los Angeles (hereafter UCLA-Hichborn).

⁶⁹"Constitutional Amendment Sixteen," 2.

⁷⁰"Administration Ready for [sic] Finish Fight on Public Utilities Tax," Jan. 24, 1921, *Los Angeles Times*, 12; Kenneth C. Adams, "Taxpayers' Association Held Corporation Tool: Heated Fight Expected over King Tax Bill," Jan. 24, 1921, *San Francisco Chronicle*, 3.

⁷¹Hichborn, *Story of the California Legislature of 1921*, 68.

Business; More Business in Government.”⁷² They demanded “economy in government as a way out of the taxation problem,” an inspiration for Richardson’s campaign.⁷³

Supporters of the King Tax Bill were similarly vocal about its merits and the inappropriate special interests representing business that sought “to capture political control of the state.”⁷⁴ One senator offered a scathing critique of the BAF in the Senate chamber:

So far as they dare they will advocate the repeal of all regulatory agencies of Government designed to protect the people. Their purpose is to restore big business and the corporate interests in power. They would reopen the doors of the capitol to special privilege.... To be ruled by the People is intolerable to them.... In this Legislature, the Better American Federation controls a number of votes, sufficient to jeopardize the King Tax Bill.⁷⁵

The speech is indicative of the divisive legislative fight. The bill required a two-thirds majority and narrowly passed by one vote after failing in the first attempt.⁷⁶ Governor Stephens spoke to the legislative difficulty: “Our State Senate has withstood this tremendous power and influence of the special interests. The fight has been bitter and grueling.... I appeal to the people of California to communicate at once with their representatives in the Assembly not to yield to this gigantic corporation lobby, the likes and strength of which has never before been seen in Sacramento.”⁷⁷

The King Tax Bill created a public relations nightmare for Stephens because it improved equalization by raising corporate assessments but did not simultaneously lower assessments for individual taxpayers. Public debates on the bill gave corporations a soapbox for speaking to common taxpayer concerns, including high tax rates that resulted from local tax increases. While the bill benefited individual taxpayers by preventing an additional ad valorem tax on property, a well-organized campaign by business interests in the state’s major newspapers claimed the bill would ultimately cost individual taxpayers.⁷⁸ When the bill passed, the railroads challenged it in court and won a rate reduction.⁷⁹

⁷²“Better America Federation of California: Weekly Newsletter.” See all newsletters from 1920-1924, F12, Box 6, Series 1241, UCLA-JRH.

⁷³Kenneth C. Adams, “King Bill Passes 27 to 13: Administration Wins Fight by Narrow Margin,” March 1, 1921, *San Francisco Chronicle*, 1.

⁷⁴E. B. Couch, “Six Dollars Worth,” *Los Angeles School Journal* 4, no. 35 (Los Angeles: Educational Associations of Los Angeles, 1921), 6. <https://babel.hathitrust.org/cgi/pt?id=uc1.b2984176&view=1up&seq=834&q1=%22Six%20Dollars%22>.

⁷⁵Hichborn, *Story of the California Legislature of 1921*, 103-4n63.

⁷⁶The first vote on the bill received 79 votes (66.4 percent) in favor and 40 votes (33.6 percent) against, but did not meet the requirement for a two-thirds majority on corporate tax rates. On the second vote, it received 89 votes (67.5 percent) in favor and 39 (32.5 percent) opposed, meeting two-thirds narrowly by one vote. Hichborn, *Story of the California Legislature of 1921*, 18-19.

⁷⁷Hichborn, *Story of the California Legislature of 1921*, 64n31.

⁷⁸Hichborn, *Story of the California Legislature of 1921*, 78n44.

⁷⁹Kenneth C. Adams, “Taxpayers’ Association Held Corporation Tool: Heated Fight Expected over King Tax Bill,” *San Francisco Chronicle*, Jan. 24, 1921. Kyle D. Palmer, “Gov. Richardson Keeps Pledges to the Letter: Promises of Economy Met; Budget Submitted to Legislature Cut \$12,000,000,” *Los Angeles Times*, Feb. 2, 1923, I,1.

By the time Richardson had set his sights on the gubernatorial election, the CTA had proven its electoral strength with a series of tax measures that benefited schools, and the state's corporate interests had developed powerful lobbying strategies against corporate tax increases. The *San Francisco Chronicle* reported on BAF efforts to defeat the King Tax Bill and to aid "corporate interests in their endeavor to evade just taxation... . Their purpose is to restore crooked big business and the corporate interests in power... . They will whenever they can shift burdens of taxation to the backs of the people."⁸⁰ The BAF also made education a focal point of the pro-business lobby. Members of the business community resented the ability of the teachers' groups to insulate themselves from political oversight in state government, a result of the structure of education governance in the state; the extent to which a significant portion of education costs were fixed; and the political success of the CTA.

Both business and education interest groups had actively developed and supported fiscal policy reform. The five measures covered in this analysis demonstrate how tax reform shaped the CTA between 1910 and 1921, and the BAF after its inception in 1917. The CTA effectively captured electoral power to promote tax reform that benefited public education. However, it inspired the scrutiny of the business community and made it the target of the BAF. The debates over the King Tax Bill reflected the deep ideological divide about the scope of government that had been shaped by a decade of fiscal policy reform and culminated in Richardson's election.

The 1923 Budget: Equalization and Conceptions of the State

The 1922 gubernatorial election was shaped by fiscal policy debates between 1910 and 1921. Richardson, who had been state treasurer under Johnson and Stephens, commented unfavorably on the King Tax Bill and solidified support from state business groups that promoted his victory. His campaign for scientific budgeting and fiscal economy was an obvious nod to corporate interests, but also appealed to local communities that had seen significant tax increases. This section shows how anti-tax campaigns cultivated distrust in the institution of schooling, prioritized private property rights to limit taxation, and ensured a Richardson victory. His first biennial budget limited the scope of state government, particularly in the realm of education, and narrowed the possibility for greater educational equity.

By the time Richardson began his campaign, the BAF had publicly articulated a set of arguments about the relationship between education, taxation, and political development. The group's pro-business arguments were endemic to superpatriot groups and tax clubs during that period, but the BAF's agenda, which focused on content, pedagogy, and the political activities of educators, and its campaigns to undermine state support of public schooling were distinctive.⁸¹ Its appeals set the stage for economy in budgeting that Richardson and the BAF had advocated, which translated into state-level budget cuts designed to undermine the political power of education leaders, and harness public schooling to serve the interests of business and private property.

⁸⁰ Adams, "King Bill Passes 27 to 13: Administration Wins Fight by Narrow Margin," 1.

⁸¹ "Better America Federation - An Analytical Statement of its Purposes," 3, F 2 Box 6, 1241, UCLA-JRH. For information about anti-tax groups around the same time period, see Martin, *The Permanent Tax Revolt*.

Haldeman had warned BAF members in 1920 that the “kind of instruction the children receive, both in precept and example, will determine the kind of government and society this country will have in 15 or 20 years hence.”⁸² The group promoted equitable pay for teachers, but expected in return that they provide “loyal co-operation” and teach “beneficial” lessons in political economy.⁸³ It had also supported in 1920 the unsuccessful Assembly Bill 1221, which declared that any teacher found to have spoken disparagingly of the US Constitution or to have made any argument in favor of a change to the Constitution would be declared guilty of unprofessional conduct and lose certification.⁸⁴

The group’s pamphlets made incendiary claims about unionization that implicated teachers as pro-labor and anti-business, with the power to shape the future labor force. One pamphlet argued that political entanglements would influence teaching and called on teachers to “hold aloof from any form of class or labor organization, in order that they may be free to impart instruction.”⁸⁵ The *LA Times* facilitated the public denouncement of teachers, reporting that the BAF knew of efforts to enroll LA teachers in the American Federation of Teachers.⁸⁶ Teachers denied the claims, but consistent reporting promoted in the public sphere the BAF’s patriotic appeals, the open shop, and distrust of public schooling.

This pro-business version of democracy was explicitly linked to taxation. In 1921, after an unsuccessful attempt to use direct democracy to weaken the initiative, Haldeman invited Harry Atwood, president of the Chicago-based Constitutional Educational Association, to meet with LA businesspeople and legislators.⁸⁷ Atwood warned that too much democracy was the greatest menace to society and claimed direct democracy initiatives had caused tax rates to be twelve times higher in California and would produce only harmful results.⁸⁸

The CTA had the support of John Randolph Haynes, who had promoted direct democracy in the state in the early twentieth century and was active in LAUSD education reform. Haynes utilized powerful political networks to minimize the political effects of anti-tax groups, particularly the BAF. While Haldeman endorsed in 1921 a slate of LAUSD school board members to strengthen BAF influence, Haynes helped to organize support for an alternate slate that was elected. Haldeman described

⁸²“Weekly Letter No. 43,” Commercial Federation, April 13, 1920, 2, Hoover-MAK.

⁸³“Justice for Educators,” Commercial Federation, F3, B6, Series 1241, UCLA-JRH.

⁸⁴Franklin Hichborn to John R. Haynes, May 9, 1921, F14, B5, Series 1241, UCLA-JRH.

⁸⁵“Teachers, Beware of Entangled Alliances,” circa 1920, Box 1, Hoover-MAK.

⁸⁶“Unions Begin Annual Drive: Gompers Orders Organization of City Employees. Central Council Acts to Influence Mayor. Municipality Staunch for Open-Shop Plan,” *Los Angeles Times*, Jan. 28, 1922, II,7.

⁸⁷The initiative on the ballot would have required a greater number of signatures than that mandated in the Constitution for all matters related to taxation or repeal of the initiative in order to weaken it. “Amendments to Constitution and Proposed Statutes with Arguments Respecting the Same, Ballot Item 4, November 2, 1929” (Sacramento: Office of the Secretary of State); “Better American Federation: An Analytical Statement of its Purposes,” 8, F2, B6, Series 1241, UCLA-JRH.

⁸⁸“‘Democracy Denounced’: Atwood Appeals for Return to the Republic: Says Direct Government by People Means Chaos,” *Los Angeles Times*, May 19, 1922, II,1.

the election as a “clear-cut issue of Americanized sovietism, particularly problematic because 320,000 eligible voters did not care who was elected.”⁸⁹

The BAF attacked its detractors, which meant that public school teachers, administrators, politicians, and organizations were fair game. They hoped to limit the education lobby, which consisted of the CTA and independent groups, including local elected officials who would be forced to increase local taxes for schools if the state cut budget allocations, realtors who recognized the correlation between schools and property values, farm interests and the higher education system who sought agricultural education, and women’s clubs that recognized the value of education to progressive social reform.⁹⁰ The BAF’s public attack on G. Bromley Oxnam in 1921, an advocate for a more progressive version of Americanization programs, was a brazen attempt to shape the future of California education that dashed Oxnam’s hopes for election to the LA school board, and followed him even after he left the state to become the president of a midwestern university.⁹¹

Richardson won the election on the basis of campaign promises about the economy and presented the biennial budget on February 1, 1923, which gutted state support for education. It reduced Board of Education expenditures from \$204,000 to \$125,000 a biennium, and eliminated appropriations to the Superintendent’s Office for the supervision of programs in vocational education, part-time education, and Americanization initiatives. It significantly decreased funding to teachers’ colleges, reduced salaries paid to commissioners of education, and potentially required the Los Angeles office of the State Board of Education to close.⁹² His campaign and budget rhetoric castigated public schooling, a strategy that had been shaped by BAF activism.

State Superintendent Wood called the education budget “a gruesome jest at the sincerity of campaign pledges” and a deliberate effort to wreck the Department of Education and starve its institutions.⁹³ Richardson denounced the professionalism of his detractors. He claimed children learned about many subjects but knew little of any, could not spell, write legibly, or do simple problems. He accused politicians “under the guise of educators” of unnecessary hiring on the school payroll and endangering the structure of schooling through high taxation, and argued that “reckless extravagance has characterized the management of the schools.”⁹⁴

⁸⁹“Vote!’ Urges Board Speaker: Laxity of Citizens Held Aid to Radicals: Real Estate Men Told of Red Professors,” *Los Angeles Times*, March 7, 1922, II,3.

⁹⁰Laichas, “Robbing Peter to Pay Paul,” 522.

⁹¹Oxnam moved to Boston University and then DePauw University, where he served as president. The BAF made slanderous accusations that remained with Oxnam throughout his public career and culminated in hearings by the House Un-American Activities Committee that drew on BAF materials about Oxnam’s education reform work in LA. See William Deverell, “My America or Yours? Americanization and the Battle for the Youth of Los Angeles,” from *Metropolis in the Making: Los Angeles in the 1920s*, ed. Tom Sitton and William Deverell (Berkeley, University of California Press, 2001), 277–301; *Testimony of Bishop G. Bromley Oxnam: Hearings before the United States House Committee on Un-American Activities*, House of Representatives of the Eighty-Third Congress, First Session, July 21, 1953 (Washington: United States Government Printing Office, 1954).

⁹²“The Budget,” *Bulletin of the Los Angeles City Teachers Club* 12, no. 8 (March 12, 1923), 19–23.

⁹³Palmer, “Richardson Keeps Pledges to the Letter,” I,1.

⁹⁴Kyle D. Palmer, “Rips School Politics: Governor Scored Demagoguery,” *Los Angeles Times*, April 7, 1923, I,1.

California voters generally supported public education, but persistent attacks in the form of patriotic appeals beginning in 1918 had engendered support for Richardson's campaign. The BAF claimed that it would inspect schools and spy on teachers, implying that teachers could not be trusted and might be unpatriotic, and argued for a particular curricular approach and pedagogy that undermined the advice of educational experts and promoted a general distrust of the profession. The *Los Angeles School Journal* addressed the BAF attack on education with claims that the budget "presumes to dictate policies and methods at every turn in the various departments of the state organization. Lay opinion supersedes scientific study and professional experience, two very important factors in social progress."⁹⁵ Richardson criticized a system that was relatively sound, questioned the expertise of leaders, and made accusations of wasteful extravagance.

Richardson's public comments on the first biennial budget in 1923 played to taxpayer resentment, the pro-business agenda, and resentment toward the education lobby. He claimed voters were "loud in their protest ... but they are unorganized and unable to cope with the schemes of certain political educators. The expenditure of school money in this State must be put on a business basis... . Educators should be left in control of educational matters, but sound business-men should be in control of expenditures."⁹⁶ His comments about education leaders were pointed. "A great political organization has been built up which has cost the people an immense sum but has added little to the value of education given school children. The laws have been cunningly amended so that supervisors, school boards and boards of education have little control over the expenditures of school money and hence cannot check extravagance."⁹⁷ Newspaper reports supported Richardson and his efforts to limit the power of the education lobby in order to improve instruction, claiming that "the political oligarchy in control of the schools must be unhorsed... . The elimination of these unnecessary barnacles will result in freeing the teachers from the annoyances of their overlords and give them more time for teaching."⁹⁸

Richardson provided detailed information about the budget to the *LA Times*. He explained that a significant portion of the cut to the Board of Education (\$78,000 in total) was an elimination of unnecessary positions (\$58,000) and cuts to travel budgets (\$11,000), which he claimed would "in reality ... only put a stop to many junketing trips to summer resorts."⁹⁹ He also claimed that just eight years earlier the Board of Education was "just as efficient as the present board," with a successful superintendent, who "was not engaged in politics and consequently did not need so much money."¹⁰⁰ The critique of education leadership continued in subsequent months and

⁹⁵Lester B. Rogers, "Science in Budget Making," *Los Angeles School Journal* 6, no. 24 (Feb. 26, 1923), 10–11.

⁹⁶Palmer, "Gov. Richardson Keeps Pledges to the Letter," I,1.

⁹⁷Friend Wm. Richardson, Budget Recommendations and Estimated Revenues, 75th and 76th Fiscal Years, July 1, 1923-June 30, 1925, Submitted to the State and Assembly, Folder Miscellaneous State Budget 1923-1925, Box 49, UCLA-Hichborn.

⁹⁸Palmer, "Rips School Politics: Governor Scores Demagoguery," I,1.

⁹⁹Benning P. Cook, "Budget Is Explained: Pledges Are Kept by Governor," *Los Angeles Times*, Feb. 7, 1923, I,1.

¹⁰⁰Cook, "Budget Is Explained."

was designed to undermine the work of the State Board, Superintendent Will Wood's leadership, and, more generally, professional expertise.

The nonpartisan Commonwealth Club organized a meeting of its members on February 15, 1923, to debate Richardson's budget, moderated by Dr. William Waste. Nellie Brewer Pierce, an attorney and member of the State Board of Control who developed the budget, spoke on behalf of Richardson. Pierce was joined by leaders from state offices who were concerned about Richardson's budget, including State Deputy Director of Education A. R. Heron, who was given more time on the agenda than other state leaders to respond to Pierce given public concerns about the future of education.¹⁰¹

Pierce explained the budget had been prepared with the Board of Control in accordance with Proposition 12, a 1922 law that mandated a thirty-day budget period. The Board of Control reviewed \$110 million in requests, of which about \$80 million had been approved, after evaluating every state agency, commission, salary expenditure, and traveling expense, to eliminate not just duplication of function, but also duplication and overpayment of positions. Any expense that did not represent an appropriation for which the state had a legitimate commitment, including any special appropriations from previous legislatures, had been omitted.¹⁰² She did not specifically address public education, but described a process intended to subvert extravagance.

Heron explained that the State Board had provided a volume of information "far beyond that which could have been used," but the budget reflected little understanding of education needs because it was developed in only three weeks. He argued that the state had a constitutional mandate to sustain expenditures that had been approved by legislation, particularly minimum provisions from Proposition 16 that should be fixed charges.¹⁰³ He lamented the elimination of new book purchases for libraries, the provision for free textbooks, and salary schedules and positions, including for school janitors whose pay would be reduced to 20 percent below the living wage as fixed by the Bureau of Labor Statistics.¹⁰⁴

Heron spoke at length about the significant deductions for teacher training. Many rural schools had been closed in 1921 for lack of qualified teachers, a problem that inspired support for increased state contributions to teachers' salaries. However, the new budget reduced the salary schedule by 30 percent, destroyed policies that developed and recognized standards of qualifications, and eliminated summer schools that provided advanced training to fifteen hundred teachers.¹⁰⁵ While public school enrollments were increasing, the CTA claimed that cuts would likely cause a 30 percent

¹⁰¹Heron was joined by Simon Lubin, state commissioner on immigration and housing; Paul Scharrenberg, representing the California Federation of Labor; J. C. Whitman, Civil Service Commission; Rev. Charles A. Ramm, State Board of Charities and Corrections; and the Hon. George C. Pardee, State Board of Forestry. *Transactions of the Commonwealth Club of California* 18, no. 1 (March 1923), 2.

¹⁰²*Transactions of the Commonwealth Club of California* 18, no. 1, 8–11.

¹⁰³Heron pointed out that the fixed charges, which are beyond the purview of the government and legislature, had increased during the past two years, since the last biennial budget, by \$6,181,000. *Transactions of the Commonwealth Club of California* 18, no. 1, p. 18.

¹⁰⁴*Transactions of the Commonwealth Club of California* 18, no. 1, p. 15.

¹⁰⁵The normal school at San Diego would receive \$216,000, which reflected a \$70,000 budget cut; Humboldt \$76,000, a decrease of \$21,000; San Jose \$382,000, a decrease of \$45,000; and Santa Barbara

reduction in teacher-training students, and pay for teacher-training instructors would be less than their students would receive through teaching.¹⁰⁶

Heron highlighted the political nature of the cuts. Richardson had transmitted the budget with an accusation that “many of the departments are in the charge of hostile officials, who have handicapped us in every way,” which many understood to be a rebuke of Superintendent Wood.¹⁰⁷ Heron’s comments reflected an understanding that the budget was prepared in a context where voters had been led to question the motives and outcomes of public education. Pierce was unmoved and persisted in her attack on schooling. She claimed that most normal schools were established so that legislators could bring an institution to the district, not because it was a necessity. She suggested that teacher training be confined entirely to elementary teachers, who she deemed to be an “ample force of instructors.”¹⁰⁸

Educators were concerned about the impact of Richardson’s budget on educational equity. Susan Dorsey, LA superintendent in 1923, claimed that “the first duty of education is to equalize opportunities for every child; and this cannot be done unless the State and the nation help to bear the burdens of education.”¹⁰⁹ The *LA School Journal* focused on the purposes of schooling in its response to the budget. It argued that nationally the amount of money was increasing for trials and police protection and highlighted the relative benefits of schooling, because it was “far cheaper to educate than to try to cure the thousand ills resulting from ignorance.”¹¹⁰

Lester Rogers, USC dean of the School of Education, underscored the relationship between equity and state governance. He argued that “social and educational principles and practices ... have conclusively shown that a just distribution of the burden of support of public institutions, and the social betterment of backward communities and equality of educational opportunities, are possible only through large units of organization, such as the state.”¹¹¹ The assistant superintendent of LAUSD argued that it was the junior colleges in the state, many of which had been transferred to teachers’ colleges, that extended access to higher education in rural areas.¹¹² Even Richardson’s lieutenant governor complained that the budget made “the colossal mistake of thrusting back to the counties activities which economically and efficiently the state can best undertake.”¹¹³ The arguments made by the CTA and educators across the state highlighted an

\$152,000, a decrease of \$88,000. *Transactions of the Commonwealth Club of California* 18, no. 1, p. 49; Cook, “Budget Is Explained.”

¹⁰⁶*Transactions of the Commonwealth Club of California* 18, no. 1, 18.

¹⁰⁷*Transactions of the Commonwealth Club of California* 18, no. 1, 15.

¹⁰⁸*Transactions of the Commonwealth Club of California* 18, no. 1, 52.

¹⁰⁹“Mrs. Pierce and Mrs. Dorsey Discuss Matters before the Principals’ Club,” Feb. 12, 1923, *Los Angeles School Journal* 6, no. 25 (March 5, 1923), 57.

¹¹⁰T. A. Van Gundy, “A Budget Chat,” in the *Los Angeles School Journal*, April 9, 1923, Box 16, Folder 3, UCLA-JRH.

¹¹¹Lester B. Rogers, “Science in Budget Making,” *Los Angeles School Journal* 6, no. 24 (Feb. 26, 1923), 11.

¹¹²Arthur Gould, “The Budget and the Junior Colleges,” *Los Angeles School Journal* 6, no. 24 (Feb. 26, 1923), 10.

¹¹³“Young Flays Budget in Talk at Berkeley, His Home and Richardson’s,” *Los Angeles School Journal* 6, no. 26 (March 12, 1923), 17, <https://babel.hathitrust.org/cgi/pt?id=uc1.j0053386660&view=1up&seq=201&q1=%22Young%20Flays%20Budget%22>.

ideology that recognized that equity could not be achieved without state intervention and support.

The Los Angeles City Teachers Club organized a budget meeting for teachers and principals where speakers argued that it was imperative that the budget be revised to save California's progressive education and maintain the state's national standing. They perceived the "utter destruction of professional teacher training institutions" as the most egregious of the budget cuts, and considered it an explicit rebuke of the expansion of schooling and the political clout of its leadership.¹¹⁴ Richardson used the budget to limit oversight and travel for teacher-training supervisory staff, which would make it impossible for the State Board to keep itself informed and would ultimately make the "job of wrecking the schools in this respect complete... . It would have been hard to hit upon a combination of cuts which would so effectively have resulted in guaranteeing the boys and girls of the State of California so much misinformation."¹¹⁵ They urged local boards of education, chambers of commerce, and civic organizations to pay attention to legislation concerning the schools.¹¹⁶

The *Western Education Journal* argued that the nature of government itself was at stake. They pointed out that if Richardson had made a cut of 10 or 15 percent from each and every department, he might have had broad-based support. His focus on schooling highlighted that "it is not for economy's sake but prejudice, stupidity, and failure to understand a government of the people, by the people, and for the people." The editors also recognized that the budget reflected political backlash from corporations that were angry about the King Tax Bill and, as a result, supported Richardson.¹¹⁷ The editor of the *LA School Journal* argued, "Governor Richardson seems to be a sort of state, educational, and social-service wrecking company, all by himself."¹¹⁸

Richardson understood that significant cuts to education programs institutionalized at the state level would lower corporate taxes. Teacher organizations understood that programs cut from the state budget would continue only in local communities with a sufficient tax base, leading to greater inequalities. It was fundamentally a disagreement about how to conceptualize government, including the defined responsibilities of state and local agencies.¹¹⁹ The final budget created some financial hardships, but that mattered less than the possibility that it might reshape voter attitudes about the structure of government and its institutions, especially schooling.

Conclusion

Governor Richardson's biennial budget for 1923-24 resulted in a significantly smaller state, but there was no evidence that his efforts at scientific budgeting created greater efficiency in government. He campaigned again for greater economy in the form of cost-effective budgets in advance of the 1925 budget, but the state recognized

¹¹⁴"The Budget," *Bulletin of the Los Angeles City Teachers Club* 12, no. 8 (March 12, 1923), 19-23.

¹¹⁵Wm. John Cooper to Los Angeles School Journal, "Mischief Being Done by the Pierce Budget," April 5, 1923, in the *Los Angeles School Journal* 6, no. 30 (April 16, 1923), 17.

¹¹⁶Cooper, "Mischief Being Done by the Pierce Budget."

¹¹⁷"The Budget for California Schools," *Western Journal of Education* 29, no. 1 (Jan. 1923), 35.

¹¹⁸Earl E. Hitchcock, "By the Editor," *Los Angeles School Journal* 6, no. 24 (Feb. 26, 1923), 45.

¹¹⁹Palmer, "Gov. Richardson Keeps Pledges to the Letter," I,1.

unexpected revenues and projected an estimated surplus of \$6 067,973.¹²⁰ Many voters demanded that government programs be restored, perhaps indicating declining interest in anti-tax, small-government, and anti-schooling rhetoric. By the end of Richardson's term, voters had become weary of the anti-tax and pro-business bluster, and both Richardson and the BAF were unable to sustain ongoing electoral power in fiscal policy reform. Voters elected C. C. Young, a Republican like Richardson, but one who promoted progressive causes and would likely reinstate budget cuts and more.

The state controller reported in 1925 that tax policy would continue to be an issue. The state faced constant pressures from fixed charges, particularly in education, that constituted a large portion of the budget and would continue to grow. He argued that the state must be relieved of a portion of the fixed charges or the taxpayers would have to philosophically accept the corresponding taxes. He warned that fiscal policies would require either another revision of tax rates or a more logical method of financing the state.¹²¹ Of course, tax policy revisions required general agreement about the scope of government and its related tax base and, in particular, consensus about the role and structure of public schooling and a commitment to its fixed costs.

Richardson and his supporters focused on education as the essential medium between citizens and the state. They highlighted the relationship between education and political development and demonstrated the efficiency of working through schooling to change the contours of the state. The state's 1922 gubernatorial election was characterized by vitriolic and public debates that reflected deep political divisions about the scope of government and the fiscal structure that would determine the related tax base. Ultimately, they sought to divide responsibilities for public schooling between the state and local communities to limit taxation for business interests.

Perhaps the BAF merely sought lower taxes, but that interpretation fails to capture the more corrosive effects of the group's anti-tax rhetoric on public schooling. It maligned the professional expertise of education officials, undermined teacher organizing, and questioned state programs designed to create greater equity. The modern state demanded a system of public schooling that was designed for diverse communities and abilities, at increasingly high costs. It was perhaps not surprising that small business owners who funded the BAF would be interested in scaling back those aspirations. The result would be lower taxes and a tax policy that undermined equalization and generated a culture that would focus far less on equity.

The critique of schooling and its fixed costs undermined the institution in the public sphere. Efforts that were originally designed to lower the education tax burden ultimately promoted a distrust of public institutions, particularly schooling. While California voters had supported centralized education, it was not so difficult to undermine that support through patriotic appeals and nods to private property rights. The BAF fostered distrust of schooling and a particular vision of the role of the state, manifested as deeper concerns that property taxes might be funding services that were

¹²⁰Ray L. Riley, *Biennial Report of the State Controller for the Twenty-fourth Fiscal Year, ending June 30, 1923, and the Seventy-fifth Fiscal Year, ending June 30, 1924* (Sacramento: California State Printing Office, 1925), 12.

¹²¹Riley, *Biennial Report of the State Controller for the Twenty-fourth Fiscal Year*, 12.

inimical to individual rights. Fortunately, the group's anti-tax campaigning diminished along with Richardson's political career, but they had developed a powerful set of arguments that likely made it easier for property tax revolts in subsequent decades that allowed voters to ignore the relationship between schooling and equality and to prioritize private property rights over the needs of the broader community.

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