

# The Land Tax Fight in Oklahoma

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ON November 5, 1940, an important event took place in Oklahoma. The people of the State carried a fight for a Graduated Land Tax to the polls, actually obtaining a majority of more than two to one—and yet the measure was defeated because of undemocratic rule.

The Graduated Land Tax Bill grew out of a very real and urgent need in Oklahoma. The State is rapidly becoming depopulated, and nearly 75% of the land is farmed by tenants, due to the blight of land speculation and land monopoly, as well as unjust taxes. Before a special Committee of the State Congress, I testified that 74,000 people had been forced to emigrate from Oklahoma because of these conditions. In one little town in Caddo County alone, fifty families had been sold out for mortgages or taxes, and had left for California. Giant farm holdings are spreading, and more and more family-sized farms are being pushed out of existence.

This is a very strange set of conditions for this State, because originally the Oklahoma territory was intended to be reserved for home owners. It was intended that speculation be prevented by granting the land to those who would use it solely for homes. But the entering wedge for the speculators was a small unallotted balance in the Indian Territory. By 1903, one-fourth of the land was in the hands of non-producing owners.

This situation did not go unchallenged. As far back as 1905 there was agitation for the Graduated Land Tax as a solution to the growing problem of farm tenancy. In 1908 State Senator Campbell Russell introduced a land tax amendment, and it was passed in both houses—to be defeated in the Courts on a technicality. In 1914 a land tax bill was presented as an initiatory measure, and it actually obtained two-thirds of the votes cast—but was defeated through fraudulent ballot tactics.

Now, more than ever—with three-fourths of the land in the hands of monopolists—Oklahoma needs the graduated land tax. The Oklahoma Farmers' Union realized this and decided to put to the voters of Oklahoma the question: Shall a Graduated Land Tax amendment to the State Constitution be adopted? A determined effort was made to submit the question as an initiatory measure at the general election on November 5, 1940. A petition was circulated (Initiative Petition No. 145) by the Union, and the names of 172,000 voters in favor of the amendment were secured.

The amendment to be decided upon by the voters was as follows:

## A BILL ENTITLED AN ACT

*Adopting a Constitutional Amendment Authorizing a Graduated Land Tax and Including Vitalizing Provisions to Make the Same Effective; Same to Constitute a New Article of the Constitution, to Be Numbered XII-B and to Read as Follows:*

*Be it Enacted by the People of the State of Oklahoma:*

### ARTICLE XII-B

SECTION 1. It is hereby declared to be the policy and the purpose of the people of Oklahoma to encourage home ownership and to discourage excessive land holdings in this State by any person, and to levy and collect on land such graduated or other tax as they may deem best for the public weal.

UNLESS OTHERWISE PROVIDED BY LAW IT IS DECLARED:

(a) Except the real estate of common carriers authorized to be held by them by the Constitution of this State, and except land covered by the first Proviso in Section two (2) of Article twenty-two (XXII) of this Constitution until the expiration of the time stipulated herein, and except land devoted to forestation, reforestation, or to reclamation, and lands operated principally for grazing purposes; the owner, whether legal or equitable, whether person, firm, association, joint stock association, or corporation and whether resident or not of this State, of any land in this State, in excess of six hundred forty (640) acres shall, in addition to other ad valorem taxes, pay upon such excess the following annual tax for the purpose of State Old Age Security, which tax is hereby levied, to wit:

For each one dollar of valuation of such excess acreage, as assessed for taxation ad valorem in the preceding year, the following schedule:

For the first year following the adoption of this amendment—

Five mills where such excess does not exceed 640 acres;

Ten mills on such excess exceeding 640 acres and not exceeding 1,280 acres;

Fifteen mills on such excess exceeding 1,280 acres.

For the next succeeding year, such tax shall be—

Ten mills upon excess not exceeding 640 acres;  
 Fifteen mills upon such excess exceeding 640  
 acres and not exceeding 1,280 acres;  
 Twenty mills upon such excess not exceeding  
 1,280 acres.

For the next succeeding year such tax shall  
 be—

Fifteen mills upon the first 640 acres of such  
 excess;  
 Twenty mills upon such excess exceeding 640  
 acres and not exceeding 1,280 acres;  
 Twenty-five mills upon all excess exceeding  
 1,280 acres.

Five mills shall continue thus to be added to each  
 succeeding step of such tax for each following year  
 until such annual tax rate shall reach 40, 45, and  
 50 mills as maxima:

Provided, that land of an assessed value of \$12,-  
 000 may, at his option, be exempt to any owner in  
 lieu of only the first 640 acres herein provided: And  
 Provided further, that where land now owned is  
 sold for a home within five years from the adop-  
 tion hereof, 98 per cent of all tax theretofore levied  
 thereon hereunder shall be refunded to the owner  
 paying same.

(b) The time when the tax levied hereunder is  
 payable, and when delinquent, and the penalty and  
 lien for non-payment shall be as in the case of other  
 ad valorem taxes; and the State Tax Commission  
 is hereby authorized and directed to collect said  
 tax and to make needful rules and regulations and  
 prescribed forms for the enforcement thereof and  
 to settle all questions that arise hereunder, grant-  
 ing to any taxpayer a hearing and the right to offer  
 evidence, with an appeal from the final order of the  
 Tax Commission to the District Court of the  
 county where any portion of the land is situated,  
 in the same manner as appeals from the county  
 court. The Tax Commission is authorized to retain  
 two (2) per cent of all tax collected hereunder as  
 recoupment for their expense therein.

(c) The above tax levies shall be considered as  
 separate and independent each of all the others and  
 in the event any part of this proposition shall be  
 held to be invalid, inoperative or ineffectual then  
 such invalid, inoperative, or ineffectual part shall  
 not affect the other parts hereof.

\* \* \*

A leaflet explaining the amendment as a measure to pre-  
 vent land monopoly, and urging support of it was circulat-  
 ed among 300,000 voters of Oklahoma prior to the Novem-  
 ber election.

Together with the Graduated Land Tax, a Cooperative  
 Hospital Bill was also introduced as a similar initiatory  
 measure. Both were fought bitterly by the press and  
 the privileged class. The State Chamber of Commerce issued  
 statements to the effect that all initiatory amendments  
 are dangerous, experimental, and not to be considered in  
 these critical times. In fact, if it had not been for their  
 tactics, the land tax measure would have been introduced  
 five years ago.

The controlled press also lashed out against the measure.  
 The metropolitan papers are owned by the vested interests,  
 who are always opposed to any legislation depriving them  
 of their special privileges. It is significant, however, that  
 nearly all small independent newspapers were in favor of  
 the land tax.

Though we had bitter opposition from the vested inter-  
 ests, we won much valuable help. Among the supporters  
 of the land tax bill was Judge James I. Phelps, veteran jurist  
 and former chief justice of the Oklahoma State Supreme  
 Court. Judge Phelps was convinced that the most impor-  
 tant question before the citizenship of the state was to stop  
 the rapid trend toward land monopoly, and urged the pas-  
 sage of the land tax as the solution. Another welcome sup-  
 porter was Judge Orel Busby, who believed that every  
 farmer should have his own farm, saw the danger in in-  
 creasing farm tenancy, and gave the Union his endorsement.

We were also glad to receive the support of Labor. The  
 Oklahoma State Federation of Labor, in its 36th annual  
 convention at Tulsa, passed unanimously two strong resolu-  
 tions endorsing the Farmers' Union Graduated Land Tax  
 and Cooperative Hospital petitions. They resolved to "ac-  
 tively support the Graduated Land Tax by explaining the  
 measure to others, making speeches, distributing literature  
 that they might understand the importance of preventing  
 land monopoly." Many independent candidates to the Okla-  
 homa legislature supported our program; among them was  
 Tom McLemore, independent candidate to the U. S. Con-  
 gress.

In our own paper, *The Oklahoma Union Farmer*, we con-  
 stantly stressed the need for the Graduated Land Tax, and  
 in every issue we featured articles on this most important  
 question.

On November 5, all voters were handed our two initiative  
 Ballots as they entered the polls. The Graduated Land Tax  
 measure was State Question No. 215, and the Cooperative  
 Hospital Bill was State Question No. 241.

The Graduated Land Tax carried by a total vote of 408,-  
 559 as against 196,711 dissenting votes. The Cooperative  
 Hospital bill carried by a total vote of 294,346 as against  
 212,701 dissenting votes. This victory should inspire every  
 citizen in the nation to renewed confidence in democratic  
 government, and make clear that the people themselves are



capable of deciding any great question at the ballot box.

The people by their vote decided that they are opposed to land monopoly and that they want the Graduated Land Tax. *But*—as our procedure now stands, *the silent vote was counted against us*. That is, the people who *did not* vote on the question, either for or against, were counted *against us*.

Representative government cannot long endure and tolerate this undemocratic rule. It has no place in a democracy. The people who go to the polls and vote for a measure and the opposition who vote against it should be recorded, and those votes only should determine that measure.

The resentment against landlordism was clearly evidenced on November 5. The use of land for speculation and investment rather than for a farm home has been rejected by the people. The vote for the Graduated Land Tax is a mandate to the present legislature that the constituents in 73 counties are overwhelmingly in favor of the tax.

The Oklahoma Farmers' Union is now going to do the only thing that can be done—that is, to fight for a Constitutional Amendment that will make the initiative and referendum a reality in Oklahoma, so as to insure democratic rule. We are going to get together all the voters of the State, and present a joint resolution directing the Secretary of State to refer to the people of Oklahoma for their approval or rejection a proposed Amendment to Section 3 of Article V of the State Constitution, to safeguard the right of the people to legislate for themselves.

Our program for 1941 includes a plan to organize the voters on the question of democratic rule. Let the controlled press and the vested interests exult for the time being. But the Graduated Land Tax shall be fought for again.

## The Critics Criticized

By JACOB SCHWARTZMAN

[This is the second of a series of articles by the same author, dealing with the objections of noted economists to the doctrines of Henry George, and the refutation of such objections. The first in the series, published in the November-December 1940 issue, answered the objections of Prof. F. W. Taussig—Ed.]

**I**N this article I shall examine the arguments of Prof. Henry Rogers Seager, who in his "Principles of Economics" (Henry Holt & Co.) attacks Henry George with a surprising hostility.

### Henry Rogers Seager

[Henry Rogers Seager was born in 1870, and died in 1930, in Kiev, Russia, whither he had gone to study the Soviet philosophy. An extremely conservative economist, he clung tenaciously to his interpretation of the laissez-faire doctrine. He was Professor of Economics at Columbia University from 1905 to 1930. He believed in meliorative activities within the existing economic structure, and was secretary of the Shipbuilding Labor Adjustment Board and

president of the Economic Association. "Principles of Economics" is his most noted work.]

Seager's eight objections follow:

1—Poverty has undoubtedly persisted in spite of progress, but has not increased with it.

2—It is untrue that improvements increase rent. If it were true, the condition of the masses would never improve.

3—Henry George's claims were extravagant and unwarranted.

4—No relation exists between the rent fund and the legitimate needs of government. Two cities of the same size and the same rent fund may spend different amounts for public purposes.

5—No tax is desirable as a single tax.

6—Confiscation of land would be a monstrous piece of injustice. It might be countenanced if any rational ground for it existed, but under the circumstances, it is unqualifiedly condemned. It would "overturn an established institution."

7—Impractical it certainly is, because present landowners paid a purchase price for their land.

8—It is impossible to distinguish the value of improvements from the value of land. (a) If we tax improvements as well as land, we would discourage production. (b) If we tax land only, it would be difficult to determine which is, and which is not, land.

(1)

I think that any person not hostilely inclined would readily admit that as a nation progresses in culture and inventions, poverty increases in the degree to which access to the land is lessened. This country is a good example. One hundred years ago, when America was still in the formative stages, poverty was not a serious problem. Today, the head of our Government admits that one-third of the population is ill-clothed, ill-housed and ill-fed. Today our brilliant leaders are unable to cope with the vast and miserable army of our unemployed, except to find "useful employment" for them in prisons, WPA projects and home relief.

(2)

To deny that improvements increase rent is colossal mendacity. Improvements increase rent in two ways: First, by facilitating production and increasing the amount of wealth, thereby increasing the value of land already used—since all wealth must be produced on and with land; second, by extending production and research, thereby compelling a demand for more land, and thus pushing out the margin of production.

The automobile industry, besides making Detroit the fourth largest city in the United States, has raised rents throughout the country. The development of the automobile, by increasing the number of industries and jobs, by adding to the amount of national wealth, by spurring other