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## Lessons Learned From Our Successful Fight Against a Tax Increase

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## Lessons Learned From Our Successful Fight Against a Tax Increase

By David R. Henderson

January 9, 2004

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In the previous two articles, on [January 2](#) and [January 9](#), I told how a small group of libertarians and anti-tax-increase people successfully fought off a sales tax increase proposed by a much bigger group that spent more than 100 times what we spent. I ended with the Wednesday morning after our electoral victory. The narrative begins with the next day.

On Thursday afternoon, I got a call from Lawrence Samuels who had just heard that the Board of Supervisors would hold an emergency meeting the next day to discuss putting a 14-cent sales tax increase, with a 5-year sunset clause, on the ballot in March. This time, the people proposing the tax were the local Farm Bureau, which had been our allies against Measure Q. I had had fun in this campaign, but I had hoped I would be out of that business for a while; I was not looking forward to a new one. But we had come this far; it made sense to go over there and make clear that we would oppose them again. So Lawrence and I put together a handout, based on materials we found on the Reason Foundation web site, explaining why privatization was probably a better option for Natividad. Lawrence emphasized to me that the Supervisors would be totally uninterested in privatization. He had gone to their June meeting, when they were discussing whether to put a tax increase on the ballot, and Lawrence had offered to get the Reason Foundation to come up and give a free consultation about whether and how to privatize. They didn't respond to his offer. Lawrence figured they would still have zero interest, but, he said, the main reason to bring the materials is that you can hand them to reporters and you can also show your good faith in coming up with ideas. One of the standard criticisms the pro-tax people made is that we had no ideas about how to solve Natividad's problems without a tax increase. So we would immediately suggest privatization, which satisfied none of them, but, from feedback I received in the community, did satisfy many people who were on the fence.

On the way to the Supervisors meeting the next day, Lawrence told me that a reporter had asked him how he felt about our allies, the Farm Bureau, switching sides. "Wouldn't it be harder to beat the next tax?," the reporter had asked. Lawrence had

answered, "Even though the Farm Bureau was with us, they refused to spend any money on the campaign. We won it without them last time and we'll fight it without them this time." At the meeting I saw a number of the pro-tax people. A few of them told us that they were against the 14%-cent increase because it wasn't enough. This seemed strange to me; I was always taught that half a loaf is better than no bread at all. In fact, it seemed so strange that I thought they were lying. I said to one of the anti-tax people, "They're just playing Brer Rabbit saying 'Don't throw me into the briar patch.' They'll be in favor of this."

Then the meeting opened and the Supervisors discussed the issue. One of the most articulate was Supervisor Dave Potter, who argued against putting the tax increase on the March ballot. His reasons were interesting, though. The proponents of a tax increase would have "too little time to raise funds and make connections with people," he argued. Another supervisor, Lou Calcagno, argued that they should not decide the issue without hearing testimony from the public because then the public would think that they weren't being listened to. I interpreted this to mean that he believed the Supervisors should at least appear to be listening. Potter also stated (I'm going from my notes now), "We need to do this as a community," "we need to discuss this more," and "we've created an incredible discussion." When he said those things, Lawrence whispered, "He's running for reelection in March."

After some back and forth among the Supervisors, Potter suggested that they open it up for public comment. He said they wanted to hear from the Natividad people, from the pro-Measure Q people, and from the Farm Bureau of Monterey County (the organization that had come up with the 14%-cent proposal). I whispered to Lawrence, "Do you notice what group he conspicuously left out?" Then he asked for a show of hands from people who wanted to speak. Lawrence and I thrust our hands into the air, and Potter, to his credit, caught himself and apologized for leaving out "Mr. Samuelson" and the No on Q people.

Lawrence and I were second to speak. Lawrence stated that now was the time to talk seriously about privatizing Natividad and cited some success stories we had read about on the Reason Foundation's web site. He pointed out also that Natividad had had these problems for 50 years and that just giving them more tax revenue would be a way to avoid a real solution. He castigated them for not having put out a Request for Proposals for privatization. Then he turned to me and said, "Doctor."

I took my turn. I expressed my disappointment that the most creativity the Supervisors seemed able to muster was to come up with a smaller sales tax rather than considering other alternatives that would change the incentives at Natividad, alternatives such as privatizing. I agreed with Supervisor Potter that we had had a good discussion. I didn't say, but I should have, that the discussion was totally due to us. I did point out, though, how shocked I was to see one of the Supervisors saying that Natividad would not close without the tax increase. "If he knew that then," I said, looking at him and the other Supervisors, "where was he and where were the other

Supervisors during this campaign?”

When I talk, I like to look at the people I'm talking to. But they were all looking down or looking away and, it appeared to me, they were feeling shame. So instead I looked out at the crowd, most of whom were pro-Q but many of whom were willing to look at me. I continued. "For over a month, the proponents of Measure Q ran a campaign based solely on the idea that without this tax increase, Natividad would close. Why didn't any of the Supervisors come forward and say that this was false? If the best you can do with Measure R is come up with a smaller tax increase, then I guarantee that I'll be a vocal opponent of Measure R."

Then various other people got up to speak. Most were Measure Q supporters, but all of the Measure Q supporters were opponents of the 14%-cent tax increase. I was stunned. They weren't playing Brer Rabbit after all. But their explanations were interesting. One, a Latino politician named Sergio Sanchez who heads the Salinas Valley Latino Coalition, said that putting a 12%-cent increase on the ballot in June would be a better idea because then many of the migrant farm workers would be back in town. I made a mental note, "Maybe we should try making our case to some of the Latinos of East Salinas too. After all, only 75% of them voted Yes. What if we could get that down to 70%?"

Mary Ann Leffel, the Measure Q supporter mentioned earlier, said that given that 62% of the people had voted for Q, it was a community effort." I wondered how this woman whom I had gotten to like could implicitly define 38% of the people as not being part of the community.

The speech that moved me the most was from a female truck driver named Jackie Murray who explained that she was having trouble breathing because she had never got up in front of such a body before. She said she was taxed to the hilt and that she still manages to pay her own health insurance and resents being forced to pay for other people's.

I admired this woman and wanted to show it. So when she finished and sat on one of the chairs on the side of the room, I went over and sat beside her and introduced myself. I wanted to get to know her so that I could have an ally in future battles; I also wanted to tell her a bit about how government makes her health insurance more expensive.

Jackie had on her work clothes and I was wearing a nice suit. I wanted the crowd to notice me sitting beside her completely comfortable with her, with my arm touching hers, and having an animated discussion. That's what I would have done anyway, even if no one had been around. But I wanted to do so in sight of the whole room because I wanted them to see that we weren't a bunch of country-club Republicans who would stick to ourselves but that we would organize and ally with everyone who agreed with us. I wanted our political opponents to see this so that they would feel

threatened and might actually try to deal with us before trying the next tax increase. I wanted our political allies to see how you connect with people who are not in your socioeconomic class. When I looked at the crowd, about 70% or more of the eyes were on Jackie and me. Shortly after, Jackie and I went outside where her husband was taking care of their young daughter and I heard him, another working-class guy, vent about the welfare state. When I told him that one of the women in the room, Maria Giurato, had recently been in the newspaper proudly displaying a card that would help remove the "stigma" of food stamps, he hit the roof. I decided that I liked this guy.

After seeing all the arguments people were making against the 14%-cent tax increase for the wrong reason, I whispered to Lawrence that we had made a key strategic mistake. I should have spoken well after him, I said, because one of the things I'm good at is responding quickly to other people's ideas and I could have taken apart a lot of what was being said. Lawrence replied that his sole purpose in having us go to the microphone together was so that, when he finished, he could turn to me and say, "Doctor." That one word, he said, was worth giving up the chance to comment on the other presentations.

One pro-Q speaker, Chuck Jervis, interim CEO of Natividad, admitted that a sales tax is regressive but said that it should be because a large percent of the patients of Natividad was low-income. Good point, I thought, but what about Jackie Murray and people like her? What about all the low-income people who pay for their own insurance and then pay through the sales tax also? The problem with Jervis's way of thinking is that he thinks of people as part of groups, rather than as individuals.

The last speaker of the day was Lou Solton, the Monterey County Tax Assessor. I had just sent him a check for almost \$1,500, my semi-annual property tax payment. One of the Supervisors introduced him as an independent voice. "How is he independent?," whispered Lawrence. Good question, I thought to myself, and I suddenly pictured him cashing my check and absconding. Then I realized that that the Supervisor was just lying, and I relaxed. Then Solton told a truth. He stated that the reason to have a 12%-cent tax increase rather than a 14%-cent tax increase was that the federal government, in response to new funds coming to Natividad, would cut its subsidy to Natividad by millions of dollars a year, leaving little net revenue from a 14%-cent tax increase. "That would have been nice to know during the campaign from this 'independent' voice," I said to myself. One thing I promised myself, though, was that if they try again, I will make sure I call Solton and ask him how much of any future tax increase the local area gets to keep.

At the end of the meeting, The Supervisors got to speak again. At that point, no one in the audience is allowed to talk and so they can say anything they want, misrepresent people in any way they want, and you can't fight back. Dave Potter took advantage of this. He alluded to my alleged statement that I would oppose Measure R no matter what its content and said that I had gotten carried a way to make a

debating point. Of course, he quoted me wrong. I had said that if Measure R were to be a sales tax increase, I would fight it. No biggie. The Supervisors voted unanimously not to put a tax increase on the ballot. I sighed with relief. I really wanted to get back to my Encyclopedia and my other work and to goofing off more in the evening and early morning.

One other nice result of the meeting was my interaction with two of the Natividad doctors, both of whom had been hostile during the debate. One of them was Pedro Moreno, who stood up in his 3 minutes and said that although he had come prepared to fight (and then turned and looked at Lawrence and me), he no longer wanted to fight and, instead, wanted to figure out how he could go on providing health care and still not upset the equally passionately held values of people on our side. One of the things I liked most about him, besides his plea that obviously came from his heart, was that he was the only person on that side of the debate who stated openly his belief that people on my side had values. Afterward, when I was standing outside the Supervisors' chamber, I caught his eye and smiled. He smiled back and walked over. We made small, but real, talk. He had mentioned his children and so I asked him their ages and he asked me my daughter's age. He had a thick accent and I asked him what country he came from. He answered "Portugal" and went on to say that health care is a right where he comes from and that it's hard to adjust to the way it's thought of in America. I decided that this was not the time to make it harder for him and so I just nodded my head in understanding. What made this whole interaction all the better is that Pedro had made a nasty comment to me during the November 11 debate. When I had said I could instead be at home with my wife, he had said, "Then why don't you go home now?" But I understood. He saw his job and, more important, his way of thinking, at risk, and he did what most people do2014he reacted negatively. Then, with time to think, he reached out.

The other doctor I got to like, although more tentatively, was Dan Pompano. He had been nasty to Lawrence just minutes before the debate, actually trying to get a cop to arrest Lawrence on the spot because someone, unknown to Lawrence, had put a "No on Q" sign on the property in front of his new clinic. But during the debate, when Lawrence referred to a federal law about emergency care, Pompano nodded his head in vigorous agreement that Lawrence had stated the law correctly. And during the break in the debate, Dan had obliged when Lawrence had asked him to take a picture of the panel.

Outside the chamber, Pompano came up with Chuck Jervis and asked me what I would do with Walter Reed Memorial Hospital and with the National Institutes of Health. I would privatize Walter Reed, I said, and I would abolish the National Institutes of Health. I pointed out to him that private contributions to health research now exceed (or, at least, did in 1998, when I last checked) the whole NIH budget. "But you didn't answer my question," he said, "what would you do about the guy who comes in needing \$30,000 of medical care on his leg and doesn't have insurance?"

"I did answer your question," I responded, "and now you've asked a new question. My answer to that question is that I would rely on charity care."

"But we've tried that and we can't raise enough charitable contributions for Natividad," he answered, "and so what would you do with this person who's bleeding in front of me?"

I suddenly got his view of the world. And was sympathetic. He saw a problem with no obvious solution other than a tax increase and genuinely didn't see how that problem would be solved. Without health insurance, I didn't see how it would be solved either. So I suggested insurance deregulation to make insurance more affordable.

"But meanwhile what do we do?," he asked.

I admitted that I didn't know.

Somehow the topic shifted and he told me how bad he feels when he gives first-class health care to prisoners who are in for murder.

"I agree with you there," I said. "I don't think people who are in for murder deserve first-class health care."

"But if you don't give it, you get sued," he replied. He then went on to tell me about a time when he was providing medical care for a ward of people who were mental vegetables and, on one of his shifts, ten people died. "The next day, my colleagues congratulated me," he said. We both laughed. Then we parted.

Walking down the street, I told Lawrence that I didn't have a good answer for Dan about the \$30,000-leg guy. "I'm not advocating that people's rights be violated so that he can have health care," I said, "but still, I don't like the outcome."

"But what's wrong with having the guy pay \$100 a week until its paid off?," replied Lawrence.

"Someone in that position might not be able to afford \$100 a week," I replied.

"But many people in that position pay \$50 a week for health insurance," replied Lawrence. "We've got to get past this idea that it's wrong to require people to pay for their own health care or health insurance."

"If I stick around you more, will you teach me more economics?" I grinningly asked Lawrence, acknowledging his common-sense insight.

We got in Lawrence's car and drove to a nearby restaurant where we met John Tresch, a Salinas businessman who heads a Salinas taxpayers group. He had been active as a letter-writer and a speaker at the various Supervisor meetings on the tax. Our dinner was, essentially, a celebration now that the tax was dead for a while. After dinner, we

walked toward the Steinbeck Center, where the November 11 debate had been held. Along the way, we noticed pro-Q signs glued on walls of construction sites and we stopped and tried to peel them off as souvenirs. When we got to the Steinbeck Center, Lawrence pointed out where some of the pro-Q people had stood when they had shouted him down during a TV interview. We were enjoying each little reminiscence, thinking about how this powerful group had opposed a small minority but how the small minority had won.

We then walked in the other direction and John showed us the headquarters of the Yes on Q campaign, which had already been vacated and was for rent. The For Rent sign stated that the building had 20 phone lines. We peered into the building and saw that it was almost the size of a high-school gymnasium. John explained that during the campaign the building was a hive of activity. They had had maps of the voting area, block by block, and had obtained data on who had voted and who hadn't, so that they could target their efforts. So this is part of how they had spent their \$450,000, I said to myself. I felt a quiet awe. We had taken them on and beat them. It was as if we had fought our way across no-man's land between the two enemy trenches on the assumption that although there were more of the enemy, they had the same kind of weapons. Then when we got there, we discovered that while we had M-16s, they had machine guns. Of course, there are two problems with the analogy. First, our weapons were our words and ideas and, compared to their words and ideas, ours were machine guns and theirs were M-16s. Second, I never regarded them as the enemy. But you get the point.

On the way home, Lawrence reminisced. He remembered one of his earlier talks against Measure Q, in front of the Monterey County Hospitality Association. He had described Natividad as a black hole and one of the people he persuaded had told him that that metaphor summarized the issue for him. Lawrence went on:

We surprised a lot of people. Rick Taylor [the hired consultant who had run the Yes on Q campaign] won a similar campaign in Los Angeles County with over 70 percent of the vote. We beat him. I think he was surprised.

In Lawrence's voice was that same feeling of awe that I had had. He had spent more of his money than I had on the campaign and much more time over a much longer period. In that moment, I could tell that for him it had been worth it.

The next night, I went to the movie, Master and Commander, with my friend Tom Lee. Neither of us liked it; it was basically about boys becoming men by killing other boys and men. So, after the movie, just to get some pleasure out of the evening, we walked around the shopping center where the movie was showing and talked, mainly about the campaign. I realized then how we had just scratched the surface with our arguments. We really hadn't got into the issue of regressive taxes, except for one mention, thanks to Tom, at the November 11 debate. We could have handed out a fact sheet showing how regulation makes health insurance unaffordable. We could



have got such short materials to each letter writer on our side so that they could use them for future letters. We could have urged our friends to write anti-Q letters and even drafted some of them for them. We could have hired high-school students to call voters to get out the vote.

Or take the issue of abortion. I have avoided that issue because I don't see one side as clearly right and one as clearly wrong. The pro-choice people make a good point in saying that a woman has a right to do what she wishes with her own body and that the fetus is part of her body. The pro-life people make a good point in saying that that "thing" in the woman's body is a human life. In fact, I first started to have doubts about my pro-choice view when my wife was pregnant. When her amniocentesis revealed that we would be having a girl, we named the girl Karen and we started talking to her while she was in the womb. In the middle of doing this one day, I said to my wife, "Isn't it strange that we're both pro-choice and yet we're talking to her and about her as if she's a human?" I wasn't willing then to call for making abortion illegal, and I'm still not, but my doubts about it made me realize that I would never think abortion was right and, ultimately, led me to get a vasectomy.

But I digress. Back to the point. What I should have done during the debate is, while making clear that I was pro-choice, raised the issue of whether it's right to tax some people who think abortion is murder and use some of those revenues to finance what they saw as murder. As Tom Lee put it, half-jokingly, when Melissa Larsen had bragged during the debate about all the lives Natividad had saved, I could have asked how many lives Natividad had taken. And by making clear my own position in favor of choice, I could have focused the issue, not on whether abortion is right, but on whether people who believe it's wrong should be forced to pay for it. During the campaign, I saw a newsletter from a leading priest in the area telling his parishioners that they should vote for Measure Q. We could have tried to make our case against Q to Catholics on the basis of the abortion issue, either by asking for a chance to reply in their newsletter (a request that probably would have been refused) or by printing up leaflets addressed to Catholics and handing them out on sidewalks to people on their way into Mass.

Or take the mismanagement issue. Had the Herald not run its excellent series on Natividad, many of the issues wouldn't have come out as prominently. But nothing had prevented me from spending my own money to get a good research assistant to uncover the truth about Natividad. Had we uncovered such facts, we could at least have put out press releases and fact sheets. Also, I should have entered the November 11 debate knowing in advance the exact salary that my two doctor opponents were getting at Natividad. Had their salaries been substantially higher than mine, as I expect they were, I could have cited that a couple of times and therefore undercut their "It's all about the poor" strategy.

The point is that in our debate and our tactics, we had barely scratched the surface AND WE HAD STILL WON. For all the money the other side spent, they didn't have

much of an argument besides their assertion that in the absence of the tax, Natividad would close. They thought they had the compassion argument, and we nailed them on that. I felt a little like Hank Rearden after his speech at his trial in Ayn Rand's Atlas Shrugged. Ayn Rand writes, "He was seeing the enormity of the smallness of the enemy who was destroying the world." After seeing a lot of ruin in the world, she writes, and coming upon the despoiler, expecting to see a giant, Rearden found instead "a rat eager to scurry for cover."

I hasten to add that I don't see our opponents in this battle as rats. They are human beings, and many of them are good human beings. What I am saying is that they made no real attempt to defend their position. They just screamed, a few times a night on TV, that the hospital would close if we didn't increase taxes. They seemed not to have the capacity to make an argument. This shouldn't be that surprising. Where would they have learned to make an argument? In our government high schools? In our universities? Some of them, yes, but most of them had never learned. This is both a positive and a negative. It's a positive because we can make arguments and the other side typically has little or nothing to counter with. It's a negative because if people lose the capacity to reason, who's going to understand when we make good arguments? The good news is that many of the voters understood our arguments.

What other victories can we win in the future? And, although this was a win against a further encroachment on our liberty, would it be possible to find a tax, a government spending program, or a regulation that is particularly destructive and try to get it repealed, thereby increasing our freedom? And if we did this in one county of 400,000 people, what's to prevent other freedom lovers around the country from doing it in their local areas?

It's certainly conceivable that 10,000 liberty lovers in the United States could get as energized as Lawrence Samuels and then leverage the local talent to get victories. And, sure, some of us would have to give up a few evenings with our loved ones and a few leisurely mornings. We might find that we need to spend a few hundred dollars on publicity. But the payoff is not only that we would win many of these battles, but also that we would connect with people in our communities in a way that many of us have never done. I can say without exaggeration that this campaign changed me, made me into a real community leader. That's not going to go away. Various governments have seen to that. I could fight one different regulation every day of my life and never fight the same one twice. (I don't recommend that: to have an effect, you must focus your energy.)

This campaign changed me in another way too. I, like most libertarians I know, have fallen into the assumption that the fix is in. That is, I've assumed that others and I were politically impotent and that government oppression would pretty much march on. I'm starting to think that's wrong. I'm starting to think that we have more power than we had thought and that all you need to stop, and maybe even reverse, many government oppressions is some clarity, focus, time, and money. Is it just possible

that we can dismantle the oppressive state with a little loving care and attention?

### **Postscript:**

Supervisors see sales tax defeat (Measure Q) as warning to Alameda County By Rebecca Vesely, STAFF WRITER The Argus Online, December 8, 2003

Proponents of a half-cent sales tax to fund Alameda County hospitals and clinics are eyeing last week's defeat of a similar measure in Monterey County with some trepidation.

Measure Q would have raised \$25 million a year to fund the Natividad Medical Center in Salinas, which is facing a \$30 million deficit. The initiative fell short of the two-thirds majority necessary to pass, despite widespread support from county officials, physicians and labor groups.

"It's clearly a reminder of how difficult the campaign will be," said Bradley Cleveland, spokesman for SEIU Local 616, which represents health care workers in Alameda County. "But I don't think we've had any illusions that it will be easy."

The Alameda County Board of Supervisors last week put the final stamp of approval on the sales tax measure, which will appear on the March 2 ballot. It would raise the county's sales tax to 8.75 percent — passing San Francisco County's sales tax as the highest in the state.

The Monterey and Alameda initiatives are similar in some ways.

As in Monterey County, the half-cent sales tax here would underwrite a health system that cares for the county's poor and indigent. The Alameda County Medical Center, which includes Highland and Fairmont hospitals and John George Psychiatric facility, would get 75 percent of the funds raised by the tax, estimated at \$90 million. The medical center is facing a budget deficit estimated at \$86 million and likely would slash services without a substantial new funding stream.

Also as in Monterey, the county-run hospital and clinics have been wracked with political strife, turnover in leadership and accusations of financial mismanagement. And, other hospitals meet the needs of many voters.

Cheri Stock, spokeswoman for Natividad, said these factors contributed to Measure Q's defeat.

"People felt like, well, the county has mismanaged the money, and the people using the hospital are illegal (immigrants)," Stock said.

Rick Taylor, political strategist at Dakota Communications, a Los Angeles firm that led the Yes on Measure Q campaign — and a successful parcel tax in Los Angeles to fund county hospitals — said a small but active opposition contributed to the defeat.

“The two-thirds majority is just a monster to climb,” Taylor said, adding, “The hospital had a history of mismanagement — if one thing stuck with voters it was how that money would be spent.”

The county Farm Bureau, Salinas Chamber of Commerce and the Hospitality Association were against the measure, because of a lack of concrete sunset provision, no detailed plan on how the money would be spent, and a perception that the medical center was a “money pit,” said Bob Perkins, executive director of the Farm Bureau.

“From the very start, there was a level of mistrust,” Perkins said.

### **[The Best of David R. Henderson](#)**



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