

The California billionaire tax: A faction fight within the ruling class

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The “One-Time Wealth Tax for State-Funded Health Care Programs Initiative” for California’s November ballot has been greeted by its proponents as a landmark blow against inequality. Engineered by the Service Employees International Union-United Healthcare Workers West (SEIU-UHW), the measure would levy a one-time five percent tax on the net worth of the state’s roughly 200 billionaires, raising an estimated \$100 billion for Medi-Cal and public education.

The measure has attracted widespread attention because it raises an issue that finds broad support among workers: the redistribution of society’s wealth from a tiny layer of billionaires to meet urgent social needs.

But the so-called billionaire tax act is not a vehicle for such a redistribution. It is a proposal crafted within the confines of capitalist politics that leaves the wealth and power of the financial aristocracy fundamentally intact.

The initiative has triggered frictions in California politics, with tensions between SEIU-UHW and Governor Gavin Newsom, fractures among other unions, and a \$118 million counter-mobilization by Silicon Valley’s oligarchs. Every party to this conflict has presented itself as the defender of working people. In reality, the billionaire tax act is a faction fight within the ruling class and its political servants over the management of the fiscal crisis of American capitalism. Not one of the contending forces represents a way forward for the working class.

On June 17, the SEIU-UHW celebrated qualifying its measure for the ballot with 980,438 signatures. Within 24 hours, it sent an open letter to Governor Newsom, who opposes it, offering to slash the tax from five percent to two percent if the governor would support a legislative version. He rejected the offer.

The SEIU bureaucracy has long functioned as a labor contractor that manages the sale of labor power on behalf of corporations and the state. Time and again, it has shut

down strike movements, blocked the unification of workers across industries, and imposed concessionary agreements that fail to meet workers’ demands.

In Los Angeles, SEIU officials helped prevent a united walkout of school workers and teachers, while in healthcare the union apparatus has repeatedly collaborated with management to end strikes before workers secured their key demands.

The union’s simultaneous endorsement of Xavier Becerra for governor exposes the raw cynicism of this entire campaign. As Biden’s Health and Human Services Secretary, Becerra presided over the disastrous “Medicaid Unwinding,” a bureaucratic purge that stripped healthcare from over 20 million low-income Americans, including millions of Californians. Now, he openly opposes the very wealth tax SEIU-UHW claims is vital to rescue the state’s safety net. The union is endorsing him anyway.

These are not contradictions born of confusion. They are the logical expression of a trade union bureaucracy that subordinates the interests of healthcare workers and patients to its institutional positioning within the Democratic Party.

The California Teachers Association’s opposition to the billionaire tax lays bare the character of the trade union apparatus in education. The CTA objects to the fact that the revenues would bypass Proposition 98, the 1988 constitutional amendment that guarantees the CTA bureaucracy’s institutional claim on roughly 40 percent of state General Fund revenues.

The CTA publicly argues that a “one-time revenue source” is “not the right policy” for sustainable funding. Simultaneously, it is spending millions to campaign for its own permanent high-income surtax extension under Proposition 55. The distinction is purely bureaucratic: the CTA’s tax feeds *its* funding stream; the SEIU’s tax feeds healthcare. It is a turf war between two sections of the trade union apparatus.

The CTA's record in the actual class struggle makes this unmistakably clear. The CTA's "We Can't Wait" campaign was a fraud from the start, a bureaucratic operation that blocked a statewide strike that would have brought 80,000 educators into direct confrontation with both the Trump administration and the Democratic Party.

The CTA sent teachers back into classrooms under expired contracts, substituting social media campaigns and "informational pickets" for the strike action the situation demanded. The same apparatus that refuses to lead a fight for educators' wages and working conditions now poses as the guardian of school funding against a tax on billionaires.

Newsom's opposition to the wealth tax is less about state budgeting and more about class solidarity. Though his net worth is a rounding error compared to Silicon Valley's titans, his loyalties remain clear. He protects the oligarchy because he is a creature of the elite network that funds it, ensuring that his interests strictly align with the ultra-rich.

His administration's claim that the wealth tax would "harm working Californians" is a lie. The initiative's statutory text explicitly directs 90 percent of revenues to healthcare and 10 percent to education and food assistance. SEIU-UHW Chief of Staff Suzanne Jimenez was correct to call this "Trump-like misinformation," but her own union is simultaneously trying to negotiate a private deal with the man spreading it.

Newsom's strategy of building an opposition coalition of Planned Parenthood, the CTA, and the California Medical Association as "progressive shielding" uses these organizations to administer policies the working class opposes. Newsom's chief of staff stated the logic plainly: "This is not going to be 'Billionaires killed this wealth tax' if it appears on the November ballot. It's going to be Planned Parenthood, doctors, teachers, and labor killed it."

In addition to Teamsters and UNITE HERE, the California Democratic Socialists of America, Bernie Sanders and Representative Ro Khanna all support the wealth tax. This is presented as evidence of progressive momentum. It is, in fact, evidence of the political function of the pseudo-left: to channel working class anger into the dead end of the Democratic Party.

Speaking of billionaires, the California DSA urged workers to vote for Tom Steyer for governor, a man whose wealth was earned through the exploitation of the working class and was invested in private prisons and coal mining, on the grounds that he might prove to be a "class

traitor."

The DSA admits Steyer refuses to call Israel's genocide in Gaza a genocide. It still insists workers should not "cast a protest vote." This is the essence of the pseudo-left's function: it supports a largely token billionaire tax with one hand and endorses a billionaire candidate with the other. Both positions keep workers tethered to the Democratic Party and block the development of independent class consciousness.

Bernie Sanders spent a decade rallying his supporters behind Hillary Clinton and Joe Biden after he shut down his own campaigns, and then campaigned for Kamala Harris. His endorsement of the wealth tax is of a piece with this record: progressive-sounding rhetoric that ultimately reinforces the Democratic Party framework.

The response of Silicon Valley is instructive. Sergey Brin, who historically funded "progressive, liberal causes," contributed \$82 million to kill the tax and relocated to Nevada, declaring, "I fled socialism."

Leaked transcripts from a private Signal chat group—including Brin, Marc Andreessen, Patrick Collison, Brian Armstrong, and Garry Tan—revealed oligarchs discussing plans to buy out the union's signature-gathering firms and holding secret "Shark Tank in the dark" fundraisers.

California's billionaires saw their collective wealth grow by 144 percent between 2023 and 2025, to over \$2 trillion, while paying an average of 0.26 percent annually in state income taxes. A one-time five percent tax would barely dent this accumulation. Still, they have mobilized over a hundred million dollars to kill it.

The billionaire tax act will not save California's healthcare system. Even if passed against the combined opposition of the governor, the tech oligarchy and sections of the trade union apparatus, it would be tied up in the courts, gutted by counter-legislation, and ultimately abandoned, like every previous "tax the rich" proposal that encountered serious ruling class opposition. The history of Democratic Party tax demagoguery, from Obama's "Buffett Rule" to Biden's "billionaire minimum income tax," is a history of proposals announced with fanfare and then quietly discarded when the oligarchy objected.



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